



CITY OF BEAVERTON, OREGON

Comprehensive Annual Financial Report



For Fiscal Year
Ended
June 30, 2009

Community Events

CITY OF BEAVERTON, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the fiscal year ended June 30, 2009

**Prepared by the City of Beaverton
Department of Finance**

CITY OF BEAVERTON, OREGON

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INTRODUCTORY SECTION



CITY of BEAVERTON

4755 S.W. Griffith Drive, P.O. Box 4755, Beaverton, OR 97076 TEL: (503) 526-2481 Fax (503) 526-2571

DENNY DOYLE
MAYOR

December 14, 2009

Mr. Bruce S. Dalrymple, Council President
Ms. Catherine Arnold, Councilor
Ms. Betty Bode, Councilor
Mr. Marc San Soucie, Councilor
Ms. Cathy Stanton, Councilor
City of Beaverton
PO Box 4755
Beaverton, Oregon 97076

Dear Beaverton City Councilors:

In accordance with state statutes and local charter provisions, I hereby transmit the Comprehensive Annual Financial Report (CAFR) of the City of Beaverton, as of and for the year ended June 30, 2009. Management is responsible for the information and representations contained in this report, and I believe the information presented is accurate in all material aspects and fairly sets forth the financial position and results of operations of the City.

This report has been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) appropriate under the circumstances and reflects, in all material respects, the substance of events and transactions that should be included. It has also been prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada. In accordance with these guidelines, the accompanying report consists of the following:

- Introductory section, including the Finance Director's letter of transmittal.
- Financial section, including Management's Discussion and Analysis, Basic Financial Statements, Notes to the Basic Financial Statements, Required Supplementary and Supplementary Information accompanied by our Independent Auditor's Report.
- Statistical section, including a number of tables of unaudited data depicting the financial history and financial trends of the City, information on overlapping governments, demographic and economic information, and other miscellaneous information.
- As required by the Minimum Standards for Audits of Oregon Municipal Corporations, Audit Comments and Disclosures are included.

The Government Finance Officers Association awards Certificates of Achievement for Excellence in Financial Reporting to those governments whose annual financial reports are judged to meet the high standards of the program including demonstrating a constructive “spirit of full disclosure” to clearly communicate its financial story and motivate potential users and user groups to read the CAFR. Our City has been continuously awarded Certificates of Achievement for Excellence since 1979. It is my belief that the accompanying Comprehensive Annual Financial Report continues to meet these high standards, and it will be submitted to the Government Finance Officers Association for review.

State law requires that the City’s financial statements be audited by an independent certified public accountant selected by the City Council. This requirement has been complied with, and our independent auditor’s report is included in the financial section of this report.

Collectively, the City Council, the Budget Committee, the Administration, and I have maintained the City’s strong financial stability. We have limited and controlled expenditures to hold the City's tax levy below its authorized permanent rate.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Denny Doyle". The signature is fluid and cursive, with the first name "Denny" being more prominent than the last name "Doyle".

Denny Doyle
Mayor



CITY of BEAVERTON

4755 S.W. Griffith Drive, P.O. Box 4755, Beaverton, OR 97076 General Information (503) 526-2222 V/TDD

December 14, 2009

Honorable Mayor, Members of the City Council, and Citizens of Beaverton,

The City's Finance Department is pleased to submit the Comprehensive Annual Financial Report of the City of Beaverton (City) for the fiscal year ended June 30, 2009.

Oregon Revised Statutes (ORS) 297.425 requires that every municipal corporation publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City. Consequently, responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures rests with management. To provide a reasonable basis for making these representations, management has established an internal control structure designed to safeguard City assets against loss, theft or misappropriation, and to ensure the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. To the best of our knowledge and belief, the enclosed data is presented accurately, in all material respects, along with disclosures necessary to provide the reader with a reasonable understanding of the City's financial affairs.

Talbot, Korvola and Warwick, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Beaverton's financial statements for the year ended June 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

GAAP requires that Management provide a narrative introduction, overview and analysis to accompany the Basic Financial Statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor's report on the basic financial statements.

THE REPORT

The Comprehensive Annual Financial Report (CAFR) is presented in sections: Introductory, Financial, Statistical, and the Audit Comments and Disclosures Section containing information as required by state regulations.

The Introductory Section includes this transmittal letter, the City's organizational chart and a list of principal officials, and the Government Finance Officer's Certificate of Achievement for Excellence in Financial Reporting.

The Financial Section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), Basic Financial Statements for the City as a whole, Fund Financial Statements, Notes to the Basic Financial Statements, Required Supplementary Information, and Supplementary Information containing combining and individual statements and schedules for the City's funds.

The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. This section also includes annual disclosure information in conformance with Securities and Exchange Commission (SEC) rule 15c-2-12.

In addition to the above-mentioned report, the City of Beaverton is required to have an audit of expenditures of Federal awards performed in accordance with the United States Office of Management and Budget (OMB) Circular A-133 and the provisions of *Government Auditing Standards*. Reports on the City's compliance with applicable Federal laws and regulations for the year ended June 30, 2009 have been issued under separate cover. These reports can be requested by writing to the Finance Director, City of Beaverton, P.O. Box 4755, Beaverton, Oregon 97076.

PROFILE OF THE CITY

The City was incorporated in 1893 and operates under the provisions of its own charter and applicable State law, with a Mayor-Council form of government. The charter was last amended by Beaverton voters in November of 1980 with an effective date of January 2, 1981. The Charter provides for five councilors elected at large to serve a four year term. The Mayor is the Chief Executive of the City and chairs City Council meetings. The Mayor is elected at the regular general election in November every four years.

The City provides a full range of services. These services include City Administration, Neighborhood Programs, Economic Development, Emergency Management, Community Involvement, Police Services, Library Services, Municipal Court, Community Planning, Development and Building Inspection, Debt Service, Public Works consisting of Engineering, Construction, Maintenance and Operations of the water, wastewater, stormwater, street, and traffic signal systems; as well as internal services for Fleet Maintenance, Information Systems, Geographic Information, and Reproduction Services.

For financial reporting purposes, this report includes all funds of the City that are subject to appropriation by the City Council. For financial planning and control, the City prepares and adopts an annual budget in accordance with Oregon Revised Statutes Chapters 294.305 through 294.565. The legally adopted budget is established, at a close level, by object and activity within an individual fund. Budgetary control is internally administered at a more restrictive level. Budget-to-actual comparisons are provided in the report for each individual fund for which an appropriated annual budget has been adopted. The comparisons are presented as required or other supplementary information as appropriate to demonstrate compliance with the adopted budget.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Enterprise Funds, and Internal Service Funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by object and activity within an individual fund. The City also maintains an encumbrance accounting system

as one technique of accomplishing budgetary control. Encumbrances represent commitments related to unperformed contracts for goods or services. The unspent balances of encumbrances at year-end lapse and then are automatically encumbered against the subsequent year's budget. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

LOCAL ECONOMY AND OUTLOOK

The City of Beaverton is Oregon's sixth largest city and the second largest in Washington County with a population of 86,205 at June 30, 2009. The City is located in the eastern portion of the County in northwest Oregon, approximately nine miles west of downtown Portland. Both Beaverton and Washington County have experienced rapid growth over the past two decades through high technology and retail trade and distribution economic bases. Between 1999 and 2009 Beaverton's population grew by 27.2% and Washington County grew by 30%.

The City's mission is to "Preserve and enhance Beaverton as a responsive, dynamic, attractive and safe community". It has been the City's policy to represent the interests of the citizens of Beaverton with all of the other governmental agencies and to work with them to improve the quality of life in Beaverton. The City is committed to maintaining a strong economy, one that fosters business prosperity and enables the quality services and programs of a first class city at a reasonable cost. Beaverton is also a family friendly city and is well known for its many attractive and well-planned neighborhoods.

The Beaverton economy today offers:

- a hospitable, prosperous environment for business development and expansion,
- a diverse manufacturing base with major employers in high-tech, sports equipment and clothing, food processing, and wood products,
- an array of small, innovative high technology companies,
- a mature network of manufacturing suppliers,
- some of the most desirable warehouse and distribution space in the area.

The City held 16 Community Visioning meetings this past year throughout the City. Over 500 citizens participated in the meetings sharing their thoughts and answering questions about Beaverton's future. A Visioning Advisory Committee will be established to work with City staff, external partners, and others to develop an action plan to achieve the long term goals identified during the visioning process for the Council to review and adopt.

Manufacturing diversity is the hallmark of a prosperous economy. Beaverton shares the diverse manufacturing base for which the region is noted. Lumber and wood products, packaging, paper products, fabricated metal products, machinery, computers, electrical equipment, instruments, food products and apparel are among the products manufactured in our City. Transportation has always been important to the Beaverton economy. Two major freeways, U.S. 26 (the Sunset Highway) and State Highway 217 connect the City to Interstate 5 (north-south) and to Interstate 84 (east-west). The City is served by the Southern Pacific and Burlington Northern Railroads. West side light rail line connects downtown Portland with Beaverton and continues west connecting to the City of Hillsboro. Air transportation is available at Hillsboro Airport (the State's busiest general aviation airport), about 15 minutes west of the City and commercial carrier service is available at Portland International Airport, about 30 minutes northeast of Beaverton.

SIGNIFICANT EVENTS AND ACCOMPLISHMENTS

Improved Bond Ratings: The City's Water Revenue Bond rating was upgraded by one step from A2 to A1 by Moody's Investors Service and by two steps from A+ to AA by Standard and Poor's Rating Group. The upgrade was received on the City's \$10 million Water Revenue Bond issue that was sold on May 23, 2006. On November 25, 2008 the City was notified by Standard and Poor's that the rating on the General Obligation (GO) debt and the Water Revenue debt were raised from AA to AA+.

Development and Building Inspection Services: As predicted by Economic forecasters, the housing market hit a low point during the first half of FY 2008-09 and slow recovery began in the last half of FY 2008-09. With the nation's current economic crisis, new single family home permit activity has declined significantly while permits for single-family additions and remodels have remained steady. The housing market decline has given rise to a more cautious approach to development in the multi-family market place. Many projects currently under construction will also undergo changes and plan revisions to reflect new market trends and businesses ideas, generating additional plan reviews. The City is prepared to react to a decrease in building permit revenues if the economic downturn in development and construction activity continues.

Police Services: In November 2008 the Beaverton Police Department was recognized by the International Association Chiefs of Police (IACP) for its work to enhance response to victims. The Excellence in Victim Services Award recognizes law enforcement agencies that demonstrate excellence in providing innovative service to crime victims by successfully integrating best practices of enhanced victim responses throughout their organizations. Award winners exemplify an organizational philosophy placing victims at the center of their problem-solving efforts and the use of effective partnerships, training methods and performance monitoring tools to enhance response to victims of crimes.

Urban Renewal: In November 2008, Beaverton voters approved a Charter Amendment to make urban renewal available to the City. With urban renewal, the assessed value of a defined area is split into two categories: the current value and the future additional value that would potentially result from redevelopment or improvements. The difference between the two is the amount of funding that would be available to the City to finance identified public improvement projects. Once an area is redeveloped, properties within the district will generate more in property taxes due to an increase in property value.

Aquifer Storage and Recovery Program: The City continues utilizing technology that provides water during times of high use through creative use of a natural storage system: Aquifer Storage and Recovery (ASR). ASR involves pumping drinking water from the City's water treatment plant into natural underground basalt formations, or aquifers during the winter months, where it is stored for later use for recovery during peak summer demands. The basalt formation is volcanic rock with cavities much like an irregular honeycomb. ASR technology enables the City to meet short-term water demand and help to delay the need for the extra-capacity water infrastructure projects. During the summer, total water use is a mixture of ASR water and filtered water from the Trask and Tualatin rivers. The City's ASR system can store up to 450 million gallons of treated water purchased from Joint Water Commission (JWC) that can be recovered during peak summer demand periods. These ASR wells act as virtual underground water storage reservoirs to supply water during the summer season. Water supplied by the City's ASR wells will help smooth out the summer's water demand spikes through the 20-mile long transmission mains and from the JWC treatment plant. The City owns a fourth undeveloped ASR well site. Total groundwater (stored ASR plus native groundwater) extracted from the City's three ASR wells amounted to nearly 18% of the total annual drinking water distributed to customers. ASR technology enables the City to meet short-term water demand during the summer and may delay the need to purchase water, expand water

treatment, and build aboveground storage reservoirs and new conveyance facilities. These factors represent potential large cost savings to the City.

Community Development Tracking System: Phase 1 of a new application tracking system was implemented during the year. Phase 1 included processing and tracking of permit applications, fee payments and inspections. Phase 2 includes enhancements to include changes to improve efficiency such as: suggestions by local builders and developers, electronic field inspections, eliminating paper inspections and permit forms and allowing electronic routing and providing access to permit and inspection history information to inspectors in the field. Phase 2 also includes public access via the web on inspection status by entering the permit number.

Enterprise Funds: The City's budget process focuses much attention on the tax-supported funds. However, the process also provides full review and approval for a variety of other funds. The Enterprise Funds are based upon user fees, charges for services, and other restricted revenues. We continue to carefully review the Enterprise Funds (water, sewer, and storm drain) relating to their overhead costs, fees and rates, and the need to restructure rates if needed. For the Water Fund, a 5% water consumption rate increase and 3.75% water demand rate increase was implemented. The cost increase to the average residence that consumes 8 units of water per month is \$1.09 per month or \$13.08 per year. The water demand rate increase became effective July 1, 2008 and will generate \$66,000 in additional revenue annually. The water consumption rate increase became effective January 1, 2009 and will generate \$270,000 in additional revenue annually.

Commuter Rail Project: Westside Express Service (WES) commuter rail officially began shuttling passengers between Wilsonville and Beaverton in February 2009. Passengers ride in self-propelled diesel train cars along the heavily traveled Interstate 5 and Highway 217 Corridor. With service approximately every 30 minutes, the 14.7 mile ride offers a great transit alternative for commuters getting to and from work. During the morning and afternoon rush hours WES averages speeds of 37 mph with a top speed of 60 mph. At each of its five stations WES connects with MAX and/or buses for easy transfers. The total project cost of \$117 million was mostly funded by Federal, State, Trimet and Washington County monies.

Library: The Beaverton City Library is one of three Oregon recipients of the "Ready to Read Outstanding Project Award" from the Oregon State Library. The award was given to the Library for its effectiveness in achieving the goals of the Ready to Read grant program. The criteria for the project included: adhere to the original intent of the Ready to Read Grant, focus on one or more of the three best practices, promote partnerships both in and out of the library, the project is replicable in other libraries, and or it enhanced library services. The grant funds were used to provide Spanish story time, early literacy workshops for parents, and prize books for summer reading finishers and interactive features for the new toddler area in the children's room.

FACTORS AFFECTING FINANCIAL CONDITION

Local Beaverton Area Economy: The City's residential building permit activity remained strong in FY 2007-08 but due to the economic condition and financial situation on a national level, it decreased by 15% in FY 2008-09. There are two large land developments in the City, Progress Quarry (Progress Ridge), originally a 115 acre parcel, and the Teufel Nursery property (Willamette Ridge), originally a 120 acre parcel which are anticipated to be built out within the next couple of years. The building trend is currently towards redevelopment of existing properties and home remodeling as people tend to remodel rather than buy new homes during the current economic downturn.

Road Projects: Nearly \$3 million in stimulus funds have been allocated for transportation projects in Beaverton through the American Recovery and Reinvestment Act (ARRA) of 2009. The entire Beaverton area will benefit from the Oregon Department of Transportation's successful request for signal controller and software upgrades on several Beaverton roadways. ARRA provides funding for jobs, energy efficiency and infrastructure investments.

Public Employee Retirement Funding Issues: The City, together with most public employers in Oregon, participates in the State's Public Employee's Retirement System (PERS). The rate of employer contributions to PERS is determined periodically by PERS based upon actuarial valuations performed at least every two years. In the 2003 legislative session, the Oregon Legislative Assembly enacted significant changes to the retirement system. The 2003 legislative reforms were enacted in response to a growing unfunded actuarial liability for the entire PERS System and increasing charges to public employers to fund the System. Many of the legislative changes have been challenged in legal proceedings filed by unions and individual employees in the Oregon circuit courts, the Oregon Supreme Court, and in federal court. Additionally, in 2006 PERS approved several changes to methodologies its actuary uses to value assets and liabilities of the System. These changes are intended to make contribution rates predictable and stable and to protect the funded status of the System and to insure that the System is operated in an actuarially sound manner. Between 2003 and 2008 the City was given various scenarios for contribution rates by PERS to be used for funding of the System. The City opted to use higher rates for budget purposes than what was actually paid to PERS and has set aside the monetary difference between the rate charged through the City's payroll system and what was paid to PERS in a separate PERS Reserve account pending outcome of any litigation. As of June 30, 2009 the balance in the PERS Reserve account is approximately \$3.48 million. The City may at its discretion use the PERS Reserve account to offset any future rate increases that PERS may enact in future years.

LONG-TERM FINANCIAL PLANNING

Property taxes are assessed using a levy rate on each \$1,000 of taxable assessed valuation. The City levies two types of property taxes, one for general governmental operations and the second for voted general obligation debt repayment. Beaverton has a very stable tax revenue source for the next several years even in the current declining housing market.

The City's permanent tax rate is \$4.62 per \$1,000 of assessed valuation (the permanent rate does not include taxes for payment of general obligation debt). Beaverton is one of very few taxing jurisdictions in Oregon that does not levy its full permanent rate. FY 2008-09, the City levied \$3.88 per thousand, and the levy rate will be at \$3.96 for FY 2009-10. When the increment rate of \$0.66 between the permanent rate and the current levy rate is applied to the assessed valuation, an additional \$4.9 million in property tax revenues is available to meet the City's projected operating expenses for the next several years.

The City has had a Capital Improvement Program (CIP) in place for many years. The CIP identifies the infrastructure needs and funding sources of street, water, sewer and storm drain projects for the current and future years. The CIP is updated annually by City staff and is made available for review and comment to neighborhood associations and the community in general.

The Mayor and Department Heads have prepared a final draft of the City's First Strategic Plan. The City envisions that the strategic plan will be a financial planning roadmap for use in developing future operating and capital budgets. The strategic plan follows the model developed by the Institute for Cultural Affairs (ICA), a private, nonprofit organization that promotes positive change in communities and organizations. The staff reached consensus on nine different vision components

that they would like to see realized in the next five to ten years. The visioning components include:

1. Enduring iconic public facilities
2. Efficient multi-modal transportation system
3. Beautiful enjoyable community amenities
4. Successful inviting multi-event facility
5. Vibrant attractive downtown
6. Widely recognized livability
7. Engaged respectful leadership
8. Sustainable strategic development
9. Engaged diverse community.

Four strategic directions were identified, and subcategories of these directions were developed from group discussion and consultation with earlier documents that have been developed by the City. The four strategic directions and their components are:

1. Expanding Organizational Capacity - Cultivating leadership, Assessing and developing the workforce, Creating a great place to work
2. Connecting People to Places and Things - Investing in public facilities, Improve transportation
3. Changing Perceptions - Improving governmental relations, Branding the City, Promoting business opportunities, Developing a diverse group of community leaders
4. Designing for Livability - Stimulating development, Take the lead in economic development Model sustainable practices.

The draft strategic plan will be presented to the City's supervisory staff in December 2009, and through a process of final revisions, it will be adopted by the City.

RELEVANT FINANCIAL POLICIES

Revenue policy – The City will try to maintain a diversified and stable revenue system to shelter it from short-run fluctuations in any one revenue source. Also, the City's general guideline is to use non-recurring revenues for non-recurring expenditures.

Fund reserves – For the General Fund, the City's guideline is to keep approximately 16% of general fund expenditures in contingencies. Other funds have contingency levels appropriate for their level of service. A given fund's combined reserve and contingency may fall short of or exceed its level due to other consideration such as bond covenants, required state statutes, and or prudent management practices.

Risk Management - Risk management is vital to controlling property, casualty, and workers' compensation losses through the coordination of safety, loss prevention, and insurance and claims administration. The City employs a full time Risk Manager to oversee all operations of risk management. The City is fully self insured for workers' compensation, unemployment, and dental claims.

OTHER INFORMATION

Independent Audit: Oregon State Law requires every municipal corporation to submit an annual financial report to the Secretary of State and to have its financial statements examined by an independent certified public accountant. The audit is performed in accordance with auditing

standards generally accepted in the United States of America and Minimum Standards for Audits of Oregon Municipal Corporations as prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy. State Law also requires an independent auditor express opinions on the financial position and results of operations as reported by the municipal corporation for the period under audit. The City is in full compliance with the aforementioned requirement, and the independent auditors' report is included in this report.

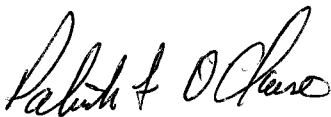
Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Beaverton for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the thirtieth consecutive year the City has received the Certificate of Achievement for Excellence in Financial Reporting from the GFOA, which reflects the conforming accounting system and comprehensive reporting practice of the City. In order to be awarded a Certificate of Achievement for Excellence, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report that conforms to program standards. Such a report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for one year only. We believe our current report continues to conform to the Certificate of Achievement for Excellence Program requirements, and we are again submitting it to GFOA to determine its eligibility for another certificate.

The City's Program Budget Document for the fiscal year 2008-09 was awarded the GFOA Award for Distinguished Budget Presentation. This is the twenty-first consecutive year that the City has received such an award. In order to qualify for the Distinguished Budget Presentation Award, the budget document must be proficient in several categories including policy documentation, financial planning and organization. The City's budget document continues to meet these criteria.

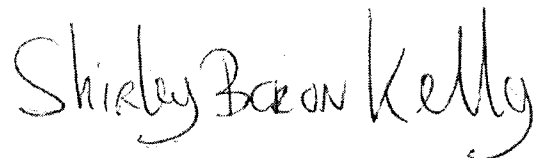
Acknowledgments: Finally, we would like to express our sincere gratitude to the personnel in the Finance Department who contributed in the preparation of this report, specifically J. J. Schulz, Amber Hubbard, Sue Ann Koniak, and Sue Smith. Without the efficient and dedicated services of the entire finance staff, preparation of this report, on a timely basis, could not have been accomplished.

The dedication, commitment and professional contribution to the financial stability of the City made by the Mayor, City Council, Budget Committee, Audit Committee and department managers cannot be overemphasized. Their dedication and commitment are of invaluable assistance in the management of the financial and community affairs of the City.

Respectfully submitted,



Patrick F. O'Claire
Finance Director



Shirley Baron Kelly
Assistant Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Beaverton
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

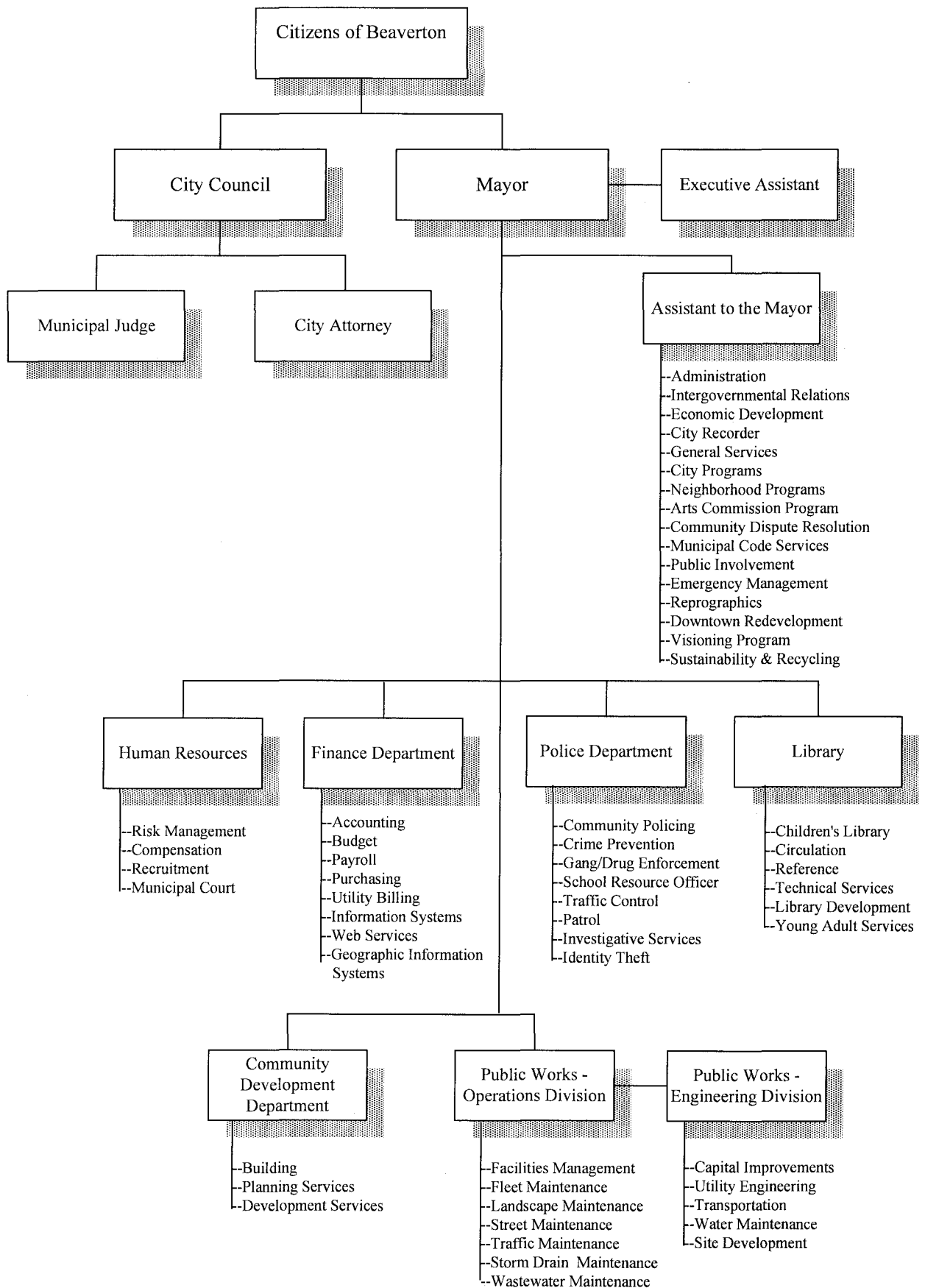
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President

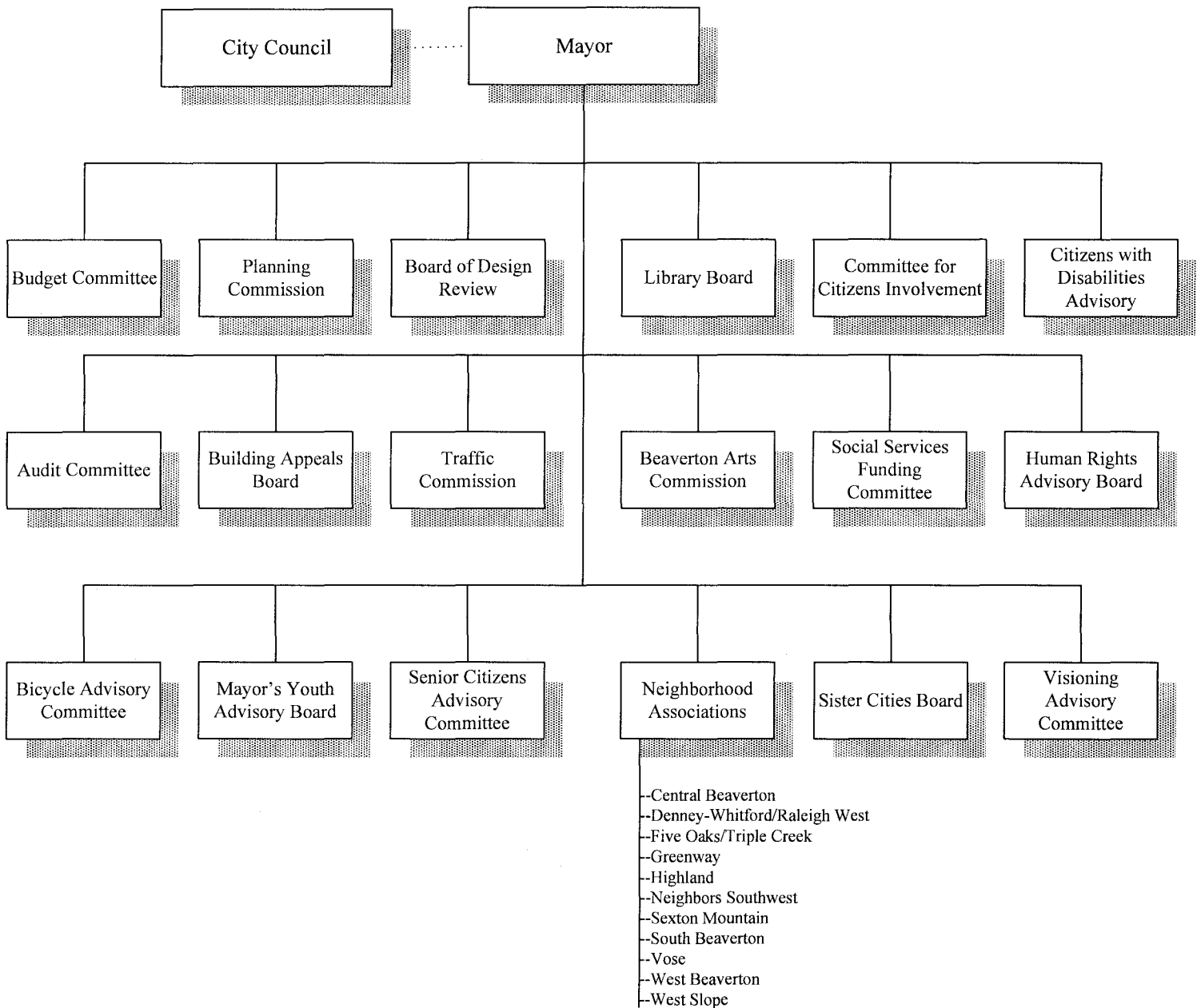
Executive Director

Organization of the City of Beaverton



City of Beaverton

Boards, Commissions & Committees



CITY OF BEAVERTON, OREGON
COUNCIL MEMBERS AS OF JUNE 30, 2009

<u>Name</u>	<u>Term Expires</u>
Denny Doyle, Mayor 8355 S.W. Sexton Mountain Court Beaverton, Oregon 97005	December 31, 2012
Bruce S. Dalrymple, Council President 16210 SW Falcon Drive Beaverton, OR 97007	December 31, 2010
Catherine Arnold 6771 S.W. 162nd Drive Beaverton, Oregon 97007	December 31, 2012
Betty Bode, Member 14120 S.W. Tennessee Lane Beaverton, Oregon 97008	December 31, 2010
Marc San Soucie, Member 17970 NW Rapid Street Beaverton, Oregon 97006	December 31, 2010
Cathy Stanton, Member 8595 S.W. Rebecca Lane Beaverton, Oregon 97005	December 31, 2012

CITY OF BEAVERTON, OREGON
AUDIT COMMITTEE AS OF JUNE 30, 2009

<u>Name</u>	<u>Term Expires</u>
Keith Parker, CPA, Chairman Attorney Electro Scientific Industries, Inc.	December 31, 2010
Bruce Dalrymple, Member Executive Vice President, Director Touchmark	December 31, 2010
Don Walton, Member Retired	December 31, 2009

CITY OF BEAVERTON, OREGON
BUDGET COMMITTEE AS OF JUNE 30, 2009

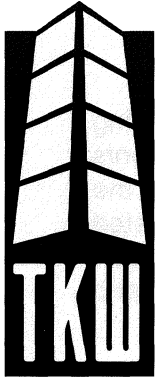
<u>Name</u>	<u>Term Expires</u>
Jose Galindez Chair	December 31, 2011
Ian King Vice Chair	December 31, 2010
Keith Parker, CPA Secretary	December 31, 2010
Catherine Arnold Council Member	December 31, 2012
Randy Blake Member	December 31, 2009
Betty Bode Council Member	December 31, 2010
Bruce Dalrymple Council Member	December 31, 2010
Allen Dawson Member	December 31, 2009
Mark San Soucie Council Member	December 31, 2010
Cathy Stanton Council Member	December 31, 2010

CITY OF BEAVERTON, OREGON
DEPARTMENT HEADS AS OF JUNE 30, 2009

Human Resources Director	Nancy Bates
Public Works Director	Gary Brentano
Assistant to the Mayor	Randy Ealy
City Librarian	Ed House
Community Development Director	Don Mazziotti - hired 9-28-09 (position vacant as of 6-30-09)
Finance Director	Patrick O'Claire
City Attorney	Alan Rappleyea
Police Chief	Geoff Spalding

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



4800 SW Macadam Ave, Suite 400
Portland, Oregon 97239-3973

P 503.274.2849
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INDEPENDENT AUDITOR'S REPORT

December 7, 2009

Honorable Mayor and City Council
City of Beaverton
Beaverton, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beaverton, Oregon (the City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2009, and the respective changes in financial position and the cash flows where applicable thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT (Continued)

City of Beaverton
December 7, 2009
Page 2

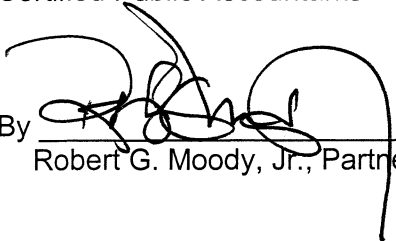
Management's Discussion and Analysis and public employees' retirement system funding progress on pages 3 through 11 and 49 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The budgetary comparison information for the General Fund and major special revenue funds on pages 45 through 48 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. This budgetary information for these funds has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants

By  _____
Robert G. Moody, Jr., Partner

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF BEAVERTON, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2009

This discussion and analysis presents the highlights of financial activities and financial position for the City of Beaverton (City). The analysis focuses on the financial activities of the City for the fiscal year ended June 30, 2009 and is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report.

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found starting on page iii of this report, and the City's financial statements beginning on page 12.

FINANCIAL HIGHLIGHTS

Following are the financial highlights of the City for the fiscal year ended June 30, 2009.

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$359.7 million (net assets). Of this amount, \$51.4 million is unrestricted and may be used to meet the City's ongoing obligations and pay for day to day operations.
- The total net assets increased by \$14.1 million during the fiscal year, and the majority of this increase is due to construction and contributions of infrastructure systems and capital improvements (\$5.8 million for business type and \$7.1 million for the governmental type activities).
- Governmental funds reported combined ending fund balances at year-end of \$35.5 million, an increase of \$2.5 million as compared to last year. Approximately \$33 million is unreserved and undesignated and available to fund ongoing activities.
- The unreserved, undesignated fund balance for the General Fund is approximately \$19.6 million at the end of the current fiscal year, or approximately 50% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis is intended to serve as an introduction to the City's basic financial statements and other required supplementary information. The City's basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements include all assets of the City (including infrastructure such as streets, traffic signals, street lights, buildings, bridges, water lines, sanitary sewer lines, storm drain facilities, etc.) as well as all liabilities (including general obligation long-term debt). Additionally, certain eliminations have occurred as prescribed by GASB Statement No. 34 with regards to interfund activities.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change

CITY OF BEAVERTON, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2009

occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash inflows or outflows in a future fiscal period. Examples of such items include earned but uncollected property taxes (future inflow), and earned but unused compensated absences (future outflow).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include the following:

- General administration (City Council, Mayor's Office, Records Management, Human Resources, Finance, City Attorney)
- Municipal court operations
- Building and landscape maintenance
- Engineering services
- Police protection services
- Emergency management services
- Library services
- Planning, zoning and subdivision control regulations
- Building inspections and regulations
- Traffic control and improvements
- Street construction and street maintenance

The business-type activities of the City include the following:

- Water utility
- Sewer utility
- Storm drain utility

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds - Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages 15 and 17 in the basic financial statements.

CITY OF BEAVERTON, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2009

The City maintains 14 individual governmental funds. Information for the funds that are considered significant (major) is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. The City reports four major funds: General Fund, Street Fund, Library Fund and Capital Projects Fund. Data from the remaining governmental funds are combined into a single, aggregated presentation. Summary fund data by fund-type for these nonmajor governmental funds is provided in the form of combining statements on pages 50 and 53 of this report. Individual fund data for each of these nonmajor governmental funds is provided as Supplementary Information in the form of combining statements, pages 51 and 52 and also pages 54 and 55.

The City adopts an annual appropriated budget for all governmental funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the General Fund and the major special revenue funds as Required Supplementary Information on pages 45 through 48. Additional schedules that demonstrate the General Fund's budgetary compliance at the legal level are provided on pages 56 and 57. Budgetary comparisons for all other governmental funds have been provided as supplementary information (pages 58 through 67).

The governmental fund financial statements can be found on pages 14 and 16 in the basic financial statements.

Proprietary funds - Proprietary funds are used to account for activities where the emphasis is placed on net income determination. The City maintains two different types of proprietary funds - enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements.

The City uses enterprise funds to account for its water utility, sewer utility and storm drain utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for reprographics services, fleet services, information system services, geographic information systems services, public works administration services, and insurance, risk and benefits services.

Because internal service funds predominantly benefit governmental rather than business-type functions, their assets and liabilities have been included with governmental activities in the government-wide financial statements.

The enterprise funds, all of which are considered to be major funds of the City, are reported separately as proprietary fund financial statements in the basic financial statements pages 18 through 21. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided as other supplementary information in the form of combining statements, pages 68 through 70 of this report.

The City also adopts an annual appropriated budget for all proprietary funds. To demonstrate compliance with the budget, budgetary comparison statements for all proprietary funds have been provided as Supplementary Information pages 71 through 82.

Notes to the basic financial statements - The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the basic financial statements and should be read in conjunction with them (pages 22 through 44).

Required Supplementary Information (RSI) - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The RSI schedules include budgetary

CITY OF BEAVERTON, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2009

comparisons for the general fund and major special revenue funds, and budget to GAAP reconciliation schedules for these funds. The last schedule is the Public Employees Retirement System Schedule of Funding Progress which has information about the City's progress in funding its obligation to provide pension benefits to its employees.

Supplementary Information - The combining statements and schedules referred to earlier, on pages 50 through 85, including the schedules of property tax and bonded debt transactions follow the required supplementary information in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$359.7 million at the close of FY 2008-09.

	Summary of Net Assets					
	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Cash and Investments	\$41,965,689	\$39,837,521	\$29,304,759	\$31,112,108	\$71,270,448	\$70,949,629
Other Assets	5,582,511	4,700,284	30,941,402	30,315,628	36,523,913	35,015,912
Capital Assets	155,289,260	151,975,269	152,902,745	145,793,272 *	308,192,005	297,768,541
Total Assets	202,837,460	196,513,074	213,148,906	207,221,008	415,986,366	403,734,082
Other Liabilities	7,965,207	7,955,826	4,416,597	4,202,639	12,381,804	12,158,465
Long-Term Liabilities	21,852,026	22,284,401	22,039,290	23,689,238	43,891,316	45,973,639
Total Liabilities	29,817,233	30,240,227	26,455,887	27,891,877	56,273,120	58,132,104
Net Assets						
Invested in Capital Assets,						
Net of debt	134,523,236	129,806,283	144,853,657	137,224,282 *	279,376,893	267,030,565
Restricted	11,662,440	11,700,392	17,267,310	18,264,596	28,929,750	29,964,988
Unrestricted	26,834,551	24,766,172	24,572,052	23,840,253	51,406,603	48,606,425
Total Net Assets	\$173,020,227	\$166,272,847	\$186,693,019	\$179,329,131	\$359,713,246	\$345,601,978

* Adjustment made in 2008 to include intangible assets - water rights, net

The largest portion of the City's net assets reflects its investment of \$279.4 million or 77.7% in capital assets (e.g., land, buildings, improvements, equipment, and infrastructure, net of accumulated depreciation and related debt). The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, \$28.9 million or approximately 8% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets totaling \$51.4 million or approximately 14.3% may be used to meet the City's ongoing obligations to citizens and creditors.

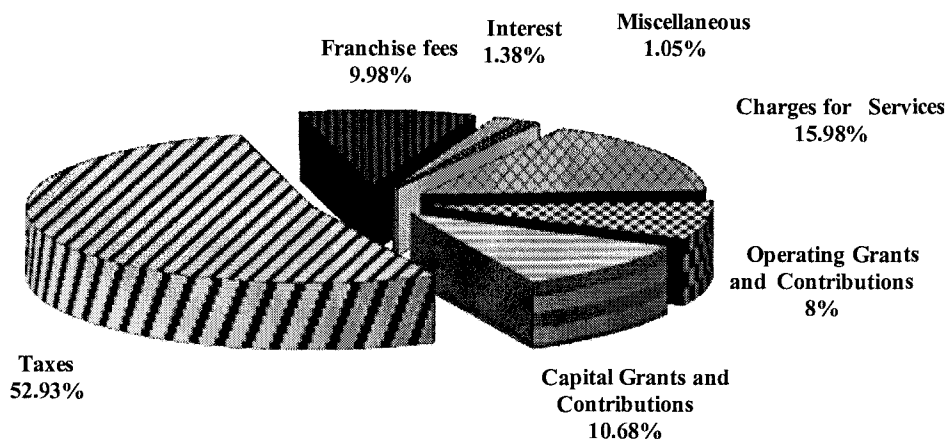
CITY OF BEAVERTON, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2009

Summary of Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
<i>Program revenues:</i>						
Charges for services	\$10,636,135	\$11,031,966	\$16,642,800	\$16,189,819	\$27,278,935	\$27,221,785
Operating grants and contributions	5,321,107	5,377,349			5,321,107	5,377,349
Capital grants and contributions	7,107,177	9,195,310	5,757,891	10,139,537	12,865,068	19,334,847
<i>General revenues:</i>						
Taxes	35,232,340	34,461,501			35,232,340	34,461,501
Franchise revenues	6,643,075	6,565,366			6,643,075	6,565,366
Interest	920,975	1,664,255	731,084	1,355,501	1,652,059	3,019,756
Other	700,980	656,996	69,695	19,734	770,675	676,730
Total revenues	66,561,789	68,952,743	23,201,470	27,704,591	89,763,259	96,657,334
Expenses						
General government	21,507,864	20,255,832			21,507,864	20,255,832
Public safety	21,949,125	20,083,344			21,949,125	20,083,344
Highways and streets	8,396,409	8,428,343			8,396,409	8,428,343
Education	6,764,157	6,171,277			6,764,157	6,171,277
Cultural and recreation	291,468	200,901			291,468	200,901
Interest on long-term debt	905,386	931,319			905,386	931,319
Water utility			8,549,039	7,971,184	8,549,039	7,971,184
Sewer utility			3,828,142	3,377,965	3,828,142	3,377,965
Storm drain utility			3,460,401	3,429,873	3,460,401	3,429,873
Total expenses	59,814,409	56,071,016	15,837,582	14,779,022	75,651,991	70,850,038
Increase in net assets	6,747,380	12,881,727	7,363,888	12,925,569	14,111,268	25,807,296
Beginning net assets	166,272,847	153,391,120	179,329,131	166,403,562	345,601,978	319,794,682
Ending net assets	\$173,020,227	\$166,272,847	\$186,693,019	\$179,329,131	\$359,713,246	\$345,601,978

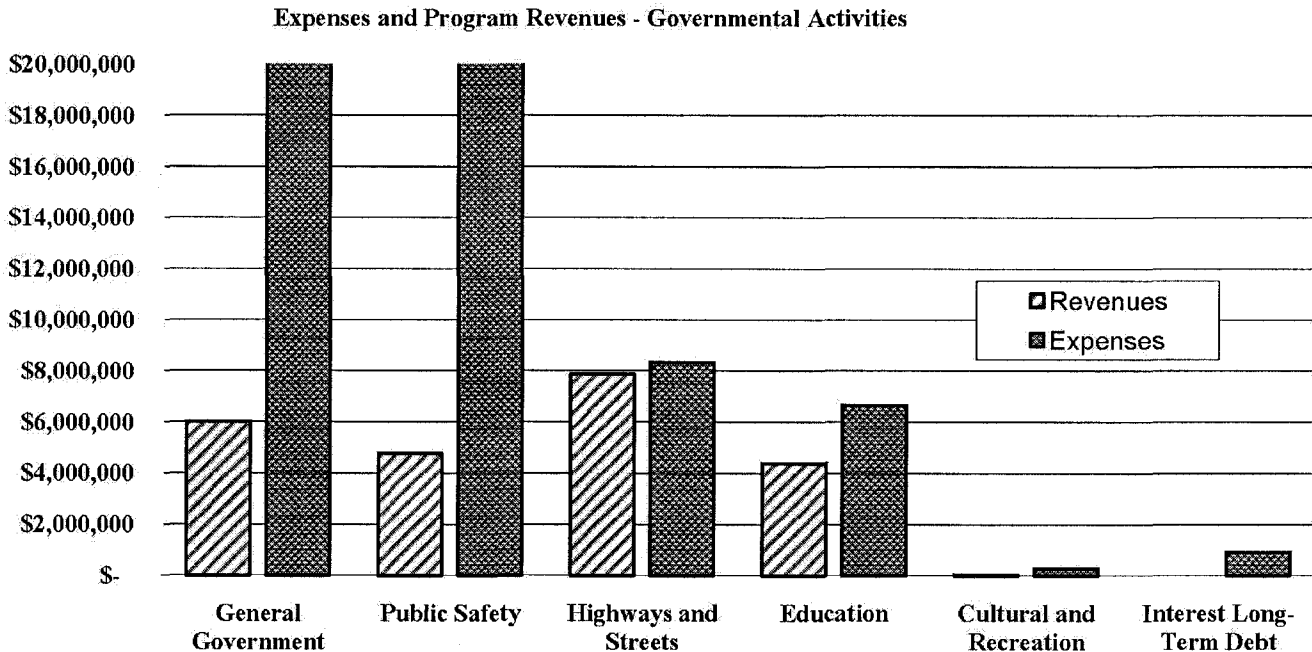
Governmental activities – Governmental activities increased the City's net assets by \$6.7 million. The major factor for the increase was the capital contribution in highways and street infrastructure in the amount of \$7.1 million. The following pie chart provides a graphical presentation of the various revenues for governmental activities:

Revenue by Source – Governmental Activities
FY 2008-09



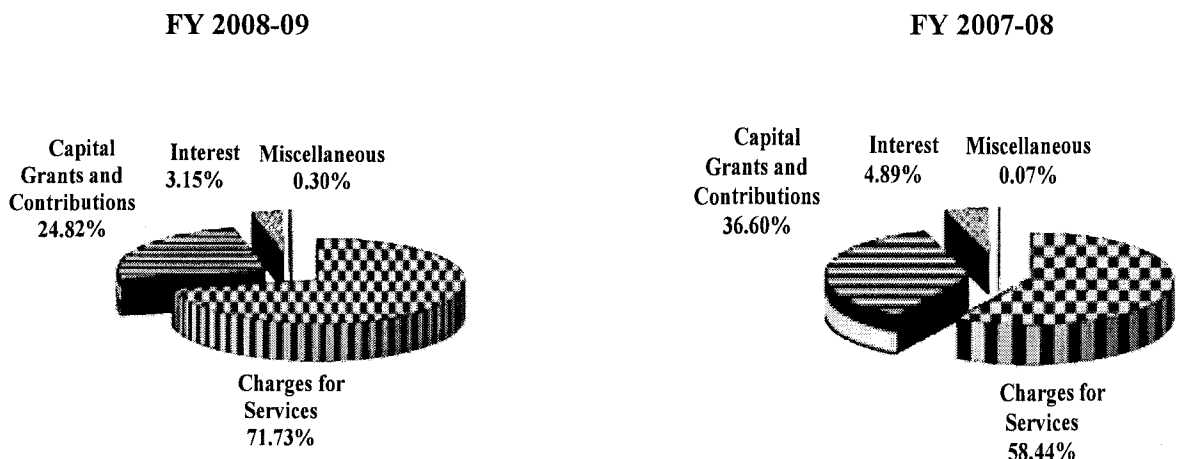
CITY OF BEAVERTON, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2009

The following graph shows the expenses of each governmental function compared to the program revenues generated specifically from its operations. The public safety function (Police) generates some revenues, but property taxes fund the majority of its costs.



Business-type activities - Business-type activities increased the City's net assets by \$7.4 million accounting for 49% of the total growth in the City's net assets. The City can only use these net assets to finance the continuing operations of the water, sewer, and storm drain operations. Of the net assets increase, \$5.8 million is attributable to contribution of utility infrastructure from private developers and other government entities, and the systems development charge revenues that are restricted and set aside for capital projects in future years. In business-type activities, \$8,049,088 of long-term debt is related to capital assets and the remaining amount is invested in an equity interest in joint venture's capital assets. The calculation of the net assets invested in capital assets does not include the portion of the debt that is related to the joint venture. The following pie charts provide a graphical presentation of the various revenues for the business type activities:

Revenue by Source – Business Type Activities



CITY OF BEAVERTON, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2009

ANALYSIS OF SIGNIFICANT BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

The Water fund's net assets increased by \$1.2 million, Sewer fund's net assets increased by \$2.3 million, and Storm Drain fund's net assets increased by \$3.8 million.

The increase in net assets of \$1.2 million in the Water fund is mostly due to the following:

- system development revenues of \$203,000 and capital contributions of \$410,000
- interest on investments of \$321,000

The increase in net assets of \$2.3 million in the Sewer fund is due to:

- system development revenues of \$357,000 and capital contributions of \$484,000
- \$391,000 of surcharge revenues for renewal and rehabilitation projects was unspent and carried forward to FY 2009-10
- \$805,000 of intergovernmental revenue from Clean Water Services of Washington County as reimbursement for a sewer project
- interest on investments of \$237,000

The increase in net assets of \$3.8 million in the Storm Drain fund is due to:

- system development revenues of \$497,000 and capital contributions of \$2.5 million
- \$938,000 of surcharge revenues for renewal and rehabilitation projects was unspent during the year and carried forward to FY 2009-10
- \$456,000 intergovernmental revenue from Metro as reimbursement for a storm project

GENERAL FUND BUDGETARY HIGHLIGHTS

The following is a brief review of budgeting changes from the original to the final budget and from the final budget to actual activity for the General Fund (see pages 56 and 57 for more detailed information):

The final adopted budget for the General Fund was \$1.94 million (4.3%) more than the original budget amount (excluding the contingency). This increase was mostly related to the amendments made to appropriate the carryover of unspent federal grant funds for seismic upgrade of City Hall (\$661,000); carryover of unspent funds for electrical system upgrade at City Hall (\$100,000); additional appropriation to cover increased costs in personal services for various police positions (\$239,000); appropriation needed for outside legal counsel on the Beaverton Central Plant litigation (\$150,000); additional funds in the mayor's department to implement new community event programs and to continue to support existing programs (\$252,000) and funding needed for developing a portion of the Westgate site for city events (\$60,000).

General Fund expenditures came in at \$5.7 million (12%) less than the final budget (excluding contingency), and significant differences between final adopted budget and actual include the following:

- The total personal services expenditures came in at \$1.7 million less than the budget due to various position vacancies during the fiscal year (\$984,000), and also due to the differences between the budgeted vs. actual fringe benefit rates such as medical and dental insurance premiums and retirement benefits rates (\$733,000).
- Beaverton Central Plant Expansion project appropriation of \$388,000 was unspent and the project was placed on hold; \$100,000 appropriation to upgrade the electrical service to City Hall was unspent and carried forward to FY 2009-10.
- Pre-Disaster Mitigation grant program for seismic upgrade of the City Hall was completed \$608,000 less than budget; property purchase of \$295,000 was appropriated but not spent in the year and was carried forward to FY 2009-10.
- Police department's overall materials and services expenses were \$323,000 under budget.

CITY OF BEAVERTON, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2009

- \$123,000 appropriation in the community involvement and public affairs program and \$133,000 in the downtown redevelopment and economic development program were not spent during the year.
- \$410,000 transfer budgeted to fund Hall-Watson street beautification phase 3 project was unspent and the project was placed on hold.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the City had approximately \$308 million invested in a broad range of capital assets, including land, buildings and improvements, equipment, roads, street lighting system, traffic light system, bridges, water, sewer and storm drain infrastructure.

Major capital asset activities during the fiscal year included a variety of street construction projects and additions to the utility systems. The total increase in investment in capital assets for the current fiscal year was 3.5% entity wide. Of this, 3.4% increase was attributed to the street and utility infrastructure additions constructed by private developers and deeded to the City, which will be responsible for its future maintenance and replacement. The total governmental type capital assets increased by 2.18%, and the increase within business-type activities was 4.88%.

Summary of Capital Assets
June 30

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$14,083,833	\$13,839,613	\$2,657,831	\$2,364,880	\$16,741,664	\$16,204,493
Construction in progress	153,195	59,776			153,195	59,776
Intangible Water Rights			263,785	285,126 *	263,785	285,126
Buildings and improvements (net of depreciation)	25,997,022	27,439,367	129,495	137,974	26,126,517	27,577,341
Machinery and equipment (net of depreciation)	10,634,703	10,641,585	1,229,660	1,198,970	11,864,363	11,840,555
Infrastructure (net of depreciation)	104,420,507	99,994,928	148,621,974	141,806,322	253,042,481	241,801,250
Totals	<u>\$155,289,260</u>	<u>\$151,975,269</u>	<u>\$152,902,745</u>	<u>\$145,793,272</u>	<u>\$308,192,005</u>	<u>\$297,768,541</u>

* Adjustment made in 2008 to include intangible assets - water rights, net

Additional information on the City's capital assets can be found in note III.C on pages 32 and 33 of this report.

Bonded Debt - At the end of the current fiscal year, the City had total bonded debt outstanding of \$34.3 million (net of discount of \$217,917). Of this amount, \$13.1 million represents outstanding bonded debt for the governmental funds. These bonds are voter approved general obligation bonds which are paid by ad-valorem tax on all taxable property in the city. The remainder of the City's bonded debt is for business-type activities and includes three (3) outstanding water revenue bond issues. The total amount of water bonds outstanding at June 30, 2009 is \$21.2 million (net of discount of \$190,702). The bonds are paid from net revenues of the water system.

The City received Aaa and AAA ratings respectively from Moody's Investors Services, Inc. (Moody's) and Standard & Poor's (S&P) for both the GO refunding debt and water revenue bonds that were issued during FY 2005-2006. Moody's and S&P have assigned underlying ratings on the 2005 GO refunding bonds of Aa2 and AA. Additionally, Moody's upgraded the underlying rating on the 2006 water revenue bonds from A2 to A1 and S&P upgraded the underlying rating from A+ to AA. In November 2008, S&P upgraded the rating on the 2005 GO bond from AA to AA+.

CITY OF BEAVERTON, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2009

State statutes limit the amount of general obligation debt a city may issue to three(3) percent of it's total real market value of all taxable property within the City boundaries. The current debt limitation for the City is \$365 million which is significantly (\$352 million) more than the City's outstanding general obligation debt of \$13.1 million.

Outstanding Bonded Debt at Year-End June 30						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds, net of \$27,215 discount (backed by the City)	\$13,082,785	\$14,190,063			\$13,082,785	\$14,190,063
Revenue bonds, net of \$190,702 discount (backed by fee revenues)			\$21,249,298	\$23,003,201	21,249,298	23,003,201
Totals	<u>\$13,082,785</u>	<u>\$14,190,063</u>	<u>\$21,249,298</u>	<u>\$23,003,201</u>	<u>\$34,332,083</u>	<u>\$37,193,264</u>

Additional information on the City's bonded debt can be found in the notes to the basic financial statements on pages 37 and 38.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. The following are the major assumptions used in developing the FY 2009-10 budget:

- The City's average population for next fiscal year will grow slightly (0.6%) from 85,883 to 86,403.
- The City's tax rate is estimated to be \$3.88 of the City's permanent levy rate of \$4.62. The increment between the proposed tax levy and the City's permanent rate is \$.74 and when applied to the estimated assessed valuation, it would produce an additional \$5.6 million in property tax revenues. This additional unused tax authority is expected to provide the City with sufficient resources to meet our future resource needs. Since the budget adoption, the county assessor has completed the assessed value calculation for FY 2009-10 and the City's actual tax rate is \$3.96. In recognition of the current economic downturn, the adopted budget reflects a 1% increase in the allowance for non-payment of property taxes from 5% to 6%.
- Assessed values, the basis of property tax revenues, will grow by 3% based on Measure 50 provision that limited the maximum assessed value growth rate plus \$35 million in new construction.
- Interest rates on investments are estimated at 1% and the total interest earnings budgeted is \$537,000.
- Water consumption rates will be increased by 7.2% (15 cents per 100 cubic feet of water) effective January 1, 2010, and would generate \$400,000 in additional revenue annually.
- Personal service costs for FY 2009-10 do not include any annual cost of living fiscal salary increase (COLA) for all bargaining groups and the management employee group. The budget includes increase of 9.4% to 9.9% in medical benefits costs to all eligible employees as well as annual step increases for certain eligible employees.

The City's adopted budget for FY 2009-10 reflects total estimated resources of \$163.5 million which exceeds total appropriated expenditures by \$46.7 million.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report should be addressed to the Finance Director at 4755 SW Griffith Dr, Beaverton, OR 97005.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF BEAVERTON, OREGON
STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$41,965,689	\$29,304,759	\$71,270,448
Property taxes receivable	1,286,165		1,286,165
Assessment liens receivable	211,698		211,698
Accounts and other receivables, net	2,467,922	3,080,313	5,548,235
Accrued interest receivable	242,163	186,439	428,602
Internal balances	230,581	(230,581)	
Grants receivable	138,288		138,288
Due from other governments	751,372	953,401	1,704,773
Inventory	69,999	236,760	306,759
Deferred charges	104,923	399,625	504,548
Other assets	79,400		79,400
Investments in joint ventures		26,315,445	26,315,445
Capital assets			
Land and construction in progress	14,237,028	2,657,831	16,894,859
Intangible water rights, (net of amortization)		263,785	263,785
Buildings and improvements (net of depreciation)	25,997,022	129,495	26,126,517
Machinery and equipment (net of depreciation)	10,634,703	1,229,660	11,864,363
Infrastructure (net of depreciation)	104,420,507	148,621,974	253,042,481
TOTAL ASSETS	202,837,460	213,148,906	415,986,366
Liabilities:			
Accounts payable	2,143,985	400,576	2,544,561
Accrued salaries and payroll taxes	3,745,325	440,047	4,185,372
Accrued interest payable	66,240	124,622	190,862
Other accrued liabilities	558,174	10,067	568,241
Due to other governments	229,603	2,935,691	3,165,294
Unearned grant revenue	2,498		2,498
Deposits and retainages payable	1,219,382	505,594	1,724,976
Long-term liabilities (net of discount):			
Due within one year, contracts, loan, lease payable	334,310	15,689	349,999
Due within one year, bonds payable	1,162,279	1,861,746	3,024,025
Due in more than one year, contracts, loan, lease payable	7,453,852	655,348	8,109,200
Due in more than one year, bonds payable	11,920,506	19,387,552	31,308,058
Net other postemployment benefits obligation	981,079	118,955	1,100,034
TOTAL LIABILITIES	29,817,233	26,455,887	56,273,120
Net Assets:			
Invested in capital assets (net of debt)	134,523,236	144,853,657	279,376,893
Restricted for:			
Construction	5,554,265	17,142,400	22,696,665
Debt service	252,936	124,910	377,846
Highways and streets	3,613,556		3,613,556
Education	2,241,683		2,241,683
Unrestricted	26,834,551	24,572,052	51,406,603
TOTAL NET ASSETS	\$173,020,227	\$186,693,019	\$359,713,246

The notes to the basic financial statements are an integral part of this statement.

CITY OF BEAVERTON, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$21,507,864	\$5,247,861	\$767,987		(\$15,492,016)		(\$15,492,016)
Public safety	21,949,125	4,466,317	300,151		(17,182,657)		(17,182,657)
Highways and streets	8,396,409	749,253	6,609	\$7,107,177	(533,370)		(533,370)
Education	6,764,157	168,999	4,224,883		(2,370,275)		(2,370,275)
Cultural and recreation	291,468	3,705	21,477		(266,286)		(266,286)
Interest on long-term debt	905,386				(905,386)		(905,386)
Total governmental activities	59,814,409	10,636,135	5,321,107	7,107,177	(36,749,990)		(36,749,990)
Business-type activities:							
Water	8,549,039	8,849,949		612,609		\$913,519	913,519
Sewer	3,828,142	4,247,315		1,645,766		2,064,939	2,064,939
Storm drain	3,460,401	3,545,536		3,499,516		3,584,651	3,584,651
Total business-type activities	15,837,582	16,642,800		5,757,891		6,563,109	6,563,109
Total government	\$75,651,991	\$27,278,935	\$5,321,107	\$12,865,068	(36,749,990)	6,563,109	(30,186,881)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					27,518,499		27,518,499
Property taxes, levied for debt service					1,739,303		1,739,303
Motor fuel taxes					3,646,968		3,646,968
State shared taxes, unrestricted					1,899,507		1,899,507
Hotel/motel taxes					428,063		428,063
Franchise revenues					6,643,075		6,643,075
Unrestricted investment earnings					920,975	731,084	1,652,059
Other revenues					700,980	69,695	770,675
Total general revenues					43,497,370	800,779	44,298,149
Change in net assets					6,747,380	7,363,888	14,111,268
Net assets--beginning					166,272,847	179,329,131	345,601,978
Net assets--ending					\$173,020,227	\$186,693,019	\$359,713,246

The notes to the basic financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

MAJOR FUNDS

General Fund

This fund accounts for the financial operations of the City which are not accounted for in any other fund. Principal sources of revenue are property taxes, licenses and permits, franchise fees, state shared revenues and charges for administrative services provided to other funds. Primary expenditures are for police protection, court, engineering and planning services, and general administration such as human resources, finance, city attorney and mayor's office.

Street Fund

Accounts for receipts of revenues from county gasoline tax and state gasoline taxes apportioned from the State of Oregon, and expenditures as specified under Article IX, Section 3 of the Constitution of the State of Oregon.

Library Fund

Accounts for receipts and expenditures of revenues from a county library special levy, property taxes levied, and donations and expenditures for operation of the City library. This fund consists of two budgetary funds (Library Fund and Library Donation Fund).

Capital Projects Fund

Accounts for the construction of streets and traffic enhancement projects. Grants and transfers from other funds and other governmental agencies comprise its major sources of funds.

OTHER GOVERNMENTAL FUNDS

Other Governmental Funds include State Revenue Sharing Fund, Building Operating Fund, Community Development Block Grant Fund, Street Lighting Fund, Traffic Impact Fee Fund, Beaverton Arts Commission Fund, General Obligation Debt Service Fund, Assessment Debt Service Fund and Assessment Projects Fund.

CITY OF BEAVERTON, OREGON
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2009

	General Fund	Street Fund	Library Fund	Capital Projects Fund	Other Governmental Funds	Total
Assets:						
Cash and investments	\$21,741,136	\$2,967,264	\$2,450,139	\$651,784	\$8,701,303	\$36,511,626
Property taxes receivable	1,077,828		76,344		131,993	1,286,165
Assessment liens receivable					211,698	211,698
Accounts and other receivables, net	2,446,021	14,871				2,460,892
Accrued interest receivable	123,674	14,831	11,558	3,950	60,917	214,930
Interfund loan receivable	4,674					4,674
Due from other governments	229,856	317,168		18,605	185,743	751,372
Grants receivable	89,195				49,093	138,288
TOTAL ASSETS	\$25,712,384	\$3,314,134	\$2,538,041	\$674,339	\$9,340,747	\$41,579,645
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	\$1,408,621	\$129,898	\$114,381	\$49,914	\$232,534	\$1,935,348
Accrued salaries and payroll taxes	906,111	52,338	98,884		64,295	1,121,628
Other accrued liabilities	52,840					52,840
Interfund loan payable					4,674	4,674
Due to other governments					229,603	229,603
Deferred revenues:						
Property taxes	935,234		66,235		114,639	1,116,108
Assessment liens, interest, and miscellaneous	123,674	14,831	11,558	3,950	272,615	426,628
Grants	2,498					2,498
Deposits and retainages payable	910,245	10,200	5,300	218,789	74,848	1,219,382
TOTAL LIABILITIES	4,339,223	207,267	296,358	272,653	993,208	6,108,709
Fund balances:						
Reserved for:						
Interfund loan receivable	4,674					4,674
Unreserved, designated for, reported in:						
Equip. replacement, reengineering	1,790,100					1,790,100
Special Revenue Funds, equipment replacement		448,600	18,000		170,450	637,050
Unreserved, undesignated reported in:						
General Fund	19,578,387					19,578,387
Special Revenue Funds		2,658,267	2,223,683		7,890,924	12,772,874
Debt Service Funds					252,936	252,936
Capital Projects Funds				401,686	33,229	434,915
TOTAL FUND BALANCES	21,373,161	3,106,867	2,241,683	401,686	8,347,539	35,470,936
TOTAL LIABILITIES AND FUND BALANCES	\$25,712,384	\$3,314,134	\$2,538,041	\$674,339	\$9,340,747	\$41,579,645

The notes to the basic financial statements are an integral part of this statement.

CITY OF BEAVERTON, OREGON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
June 30, 2009

Total fund balances - governmental funds \$35,470,936

Capital assets used in governmental activities are not financial resources, therefore, are not reported in the governmental funds' balance sheet:

Acquisition cost	\$183,106,092	
Accumulated depreciation	<u>(28,462,350)</u>	154,643,742

Deferred property tax revenues are collected in subsequent years and are not available to pay for current-period expenditures and, therefore, are reported as deferred revenue in the governmental funds' balance sheet. 1,116,108

Deferred assessment liens and investment income revenues are collected in subsequent periods and are not available for current year's operation. However, on a full accrual basis of accounting, they are reported as revenues. 426,628

Internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets. 5,527,215

Some deferred charges are amortized over the life of the related accounts on a full accrual basis of accounting, and are not reported in the fund's balance sheet. 104,923

Long-term liabilities, including bonds/loan payable, accrued interest and payroll liabilities are not due in the current period and, therefore, are not reported in the funds' balance sheet.

Bonds, contracts, loans payable, net	(20,870,947)	
Accrued interest payable	(66,240)	
Accrued payroll liability	(2,351,059)	
Other postemployment benefits obligation	(981,079)	
		<u>(24,269,325)</u>

Total net assets - governmental activities \$173,020,227

The notes to the basic financial statements are an integral part of this statement.

CITY OF BEAVERTON, OREGON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2009

	General Fund	Street Fund	Library Fund	Capital Projects Fund	Other Governmental Funds	Total
Revenues:						
Taxes	\$24,305,462		\$1,720,731		\$2,938,215	\$28,964,408
Special assessments					220,250	220,250
Intergovernmental	1,773,345	\$3,646,968	4,205,960		732,430	10,358,703
Federal grants	300,151	6,609			621,789	928,549
Fees, licenses, and permits	1,261,637				2,499,987	3,761,624
Franchise fees	5,646,614	996,461				6,643,075
Fines and forfeits	3,847,350		165,956			4,013,306
Interest on investments						
and assessments	463,483	57,293	44,791	14,522	207,168	787,257
Charges for services	1,827,030	237,690				2,064,720
Contributions, donations, and other			18,923		16,477	35,400
Miscellaneous revenues and cash-in-lieu	640,220	153,959	73,581	40,000	417,291	1,325,051
TOTAL REVENUES	40,065,292	5,098,980	6,229,942	54,522	7,653,607	59,102,343
Expenditures:						
Current:						
General government	16,295,446				3,620,419	19,915,865
Public safety	21,457,716					21,457,716
Highways and streets		4,980,485		264,495	1,238,508	6,483,488
Education			6,237,630			6,237,630
Cultural					228,234	228,234
Debt service:						
Principal	431,503				1,138,000	1,569,503
Interest	93,287				649,409	742,696
TOTAL EXPENDITURES	38,277,952	4,980,485	6,237,630	264,495	6,874,570	56,635,132
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,787,340	118,495	(7,688)	(209,973)	779,037	2,467,211
Other financing sources (uses):						
Transfers in	154,451		541,935	165,632	189,167	1,051,185
Transfers out	(541,935)	(92,236)			(417,014)	(1,051,185)
Sale of capital assets	540	5,610				6,150
TOTAL OTHER FINANCING SOURCES (USES)	(386,944)	(86,626)	541,935	165,632	(227,847)	6,150
NET CHANGE IN FUND BALANCES	1,400,396	31,869	534,247	(44,341)	551,190	2,473,361
FUND BALANCES, Beginning of year	19,972,765	3,074,998	1,707,436	446,027	7,796,349	32,997,575
FUND BALANCES - End of year	\$21,373,161	\$3,106,867	\$2,241,683	\$401,686	\$8,347,539	\$35,470,936

The notes to the basic financial statements are an integral part of this statement.

CITY OF BEAVERTON, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009

Net change in fund balances - total governmental funds \$2,473,361

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:

Expenditures for capital assets	\$881,205	
Less current year depreciation	<u>(3,776,107)</u>	
		(2,894,902)

The net effect of transactions involving capital assets, i.e., gain/loss on sales, donations. These transactions are not reported in the governmental funds. 6,102,695

Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received. 513,725

Repayments of long-term debt and long-term loan proceeds are reported as expenditures and revenues in governmental funds. However, it is reported as a decrease/increase in liabilities in the Statement of Net Assets. 1,569,503

Some expenses, such as accrued interest expense on long-term debt, accrued payroll liabilities or other postemployment benefits obligation are reported in the Statement of Activities. However they do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (1,360,645)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet services, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 343,643

Change in net assets of governmental activities \$6,747,380

The notes to the basic financial statements are an integral part of this statement.

PROPRIETARY FUND FINANCIAL STATEMENTS

MAJOR BUSINESS-TYPE FUNDS

These funds are used to finance and account for the acquisition, operation and maintenance of water, sewer, and storm drain facilities which are supported by user charges.

Water Fund - accounts for the City's water utility operations, debt service and construction. This fund consists of three budgetary funds (Water Operating Fund, Water Debt Service Fund, and Water Construction Fund) that are combined as one enterprise fund in accordance with accounting principles generally accepted in the United States of America.

Sewer Fund - accounts for the City's sewer utility operations.

Storm Drain Fund - accounts for storm drainage connection fees and a user fee charge to property owners to finance maintenance of the City drainage system.

GOVERNMENTAL ACTIVITIES – INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for services provided by the City of Beaverton for other departments within the City. Internal Service Funds include: Reprographics, Garage, Information Systems, Geographic Information Systems, Operations Administration, and Insurance.

CITY OF BEAVERTON, OREGON
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2009

	Business -Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Fund	Sewer Fund	Storm Drain Fund	Totals	
Assets:					
Current assets:					
Cash and investments	\$11,235,595	\$9,895,706	\$8,173,458	\$29,304,759	\$5,454,063
Accounts receivable, net	1,256,975	1,528,256	294,586	3,079,817	7,030
Other receivables	496			496	
Accrued interest receivable	81,887	60,339	44,213	186,439	27,234
Due from other governments	148,074	805,327		953,401	
Inventory of materials and supplies	201,817	4,520	30,423	236,760	69,999
Total current assets	12,924,844	12,294,148	8,542,680	33,761,672	5,558,326
Noncurrent assets:					
Other assets					79,400
Deferred charge - bond issuance	399,625			399,625	
Investments in joint ventures	26,315,445			26,315,445	
Capital assets, net	63,511,881	42,837,674	46,553,190	152,902,745	645,518
Total noncurrent assets	90,226,951	42,837,674	46,553,190	179,617,815	724,918
TOTAL ASSETS	103,151,795	55,131,822	55,095,870	213,379,487	6,283,244
Liabilities:					
Current liabilities:					
Accounts payable	311,686	47,774	41,116	400,576	208,639
Accrued salaries and payroll taxes	157,155	112,859	170,033	440,047	272,638
Accrued interest payable	124,622			124,622	
Other accrued liabilities	10,067			10,067	505,334
Due to other governments	313,381	2,505,673	116,637	2,935,691	
Deposits and retainage payable	191,394	248,734	65,466	505,594	
Contract payable, net	15,689			15,689	
Bonds payable, net	1,861,746			1,861,746	
Total current liabilities	2,985,740	2,915,040	393,252	6,294,032	986,611
Long-term liabilities:					
Contract payable, net	655,348			655,348	
Bonds payable, net	19,387,552			19,387,552	
Net other postemployment benefits	41,174	34,591	43,190	118,955	
Total long-term liabilities	20,084,074	34,591	43,190	20,161,855	
TOTAL LIABILITIES	23,069,814	2,949,631	436,442	26,455,887	986,611
Net Assets:					
Invested in capital assets (net of debt)	55,462,793	42,837,674	46,553,190	144,853,657	645,518
Restricted for construction	4,971,437	5,417,906	6,753,057	17,142,400	
Restricted for debt service	124,910			124,910	
Unrestricted	19,522,841	3,926,611	1,353,181	24,802,633	4,651,115
TOTAL NET ASSETS	\$80,081,981	\$52,182,191	\$54,659,428	186,923,600	\$5,296,633
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(230,581)	
Net assets of business-type activities				<u>\$186,693,019</u>	

The notes to the basic financial statements are an integral part of this statement.

CITY OF BEAVERTON, OREGON
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
For the Fiscal Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Fund	Sewer Fund	Storm Drain Fund	Totals	Funds
Operating revenues:					
Charges for services	\$8,637,039	\$3,928,469	\$3,199,064	\$15,764,572	\$13,845,688
Installation fees	12,423			12,423	
Erosion control fees			80,296	80,296	
Lease income	107,725			107,725	
Miscellaneous revenues	112,730	337,925	291,799	742,454	443,488
TOTAL OPERATING REVENUES	8,869,917	4,266,394	3,571,159	16,707,470	14,289,176
Operating expenses:					
Personal services	1,534,121	1,221,643	1,420,500	4,176,264	3,292,679
Water purchases	1,443,118			1,443,118	
Administration charges from General Fund	348,813	203,461	209,874	762,148	
Franchise fee payment	431,132	847,716	196,326	1,475,174	
Insurance claims					7,183,719
Contract charges					555,779
Supplies, repairs, and services	1,550,655	622,820	695,695	2,869,170	2,867,430
Depreciation and amortization	1,548,839	955,452	956,378	3,460,669	101,476
TOTAL OPERATING EXPENSES	6,856,678	3,851,092	3,478,773	14,186,543	14,001,083
OPERATING INCOME	2,013,239	415,302	92,386	2,520,927	288,093
Nonoperating revenues (expenses):					
Intergovernmental revenue		805,327	456,000	1,261,327	
Systems development charge revenues	202,896	356,628	497,163	1,056,687	
Interest on investments	320,897	236,729	173,458	731,084	106,411
Gain on sale of capital assets		5,025		5,025	17,798
Interest expense	(1,022,183)			(1,022,183)	
Net loss from joint ventures	(697,516)			(697,516)	
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,195,906)	1,403,709	1,126,621	1,334,424	124,209
INCOME BEFORE CONTRIBUTIONS	817,333	1,819,011	1,219,007	3,855,351	412,302
Capital contributions	409,713	483,811	2,546,353	3,439,877	
CHANGE IN NET ASSETS	1,227,046	2,302,822	3,765,360	7,295,228	412,302
TOTAL NET ASSETS - BEGINNING	78,854,935	49,879,369	50,894,068	179,628,372	4,884,331
TOTAL NET ASSETS - ENDING	\$80,081,981	\$52,182,191	\$54,659,428	\$186,923,600	\$5,296,633
Change in net assets, above				\$7,295,228	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				68,660	
Change in net assets of business-type activities				<u>\$7,363,888</u>	

The notes to the basic financial statements are an integral part of this statement.

CITY OF BEAVERTON, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Water Fund	Sewer Fund	Storm Drain Fund	Totals	
Cash flows from operating activities:					
Cash receipts from customers and miscellaneous revenue	\$8,866,858	\$4,109,484	\$3,331,730	\$16,308,072	\$449,140
Cash receipts from interfund services provided to other funds	36,518	290,558	241,380	568,456	13,845,636
Cash payments to suppliers	(2,192,681)	(192,278)	(329,332)	(2,714,291)	(10,219,931)
Cash payments to employees	(1,493,938)	(1,157,638)	(1,347,523)	(3,999,099)	(3,252,055)
Cash payments for interfund services used	<u>(1,327,177)</u>	<u>(1,459,619)</u>	<u>(839,453)</u>	<u>(3,626,249)</u>	<u>(370,730)</u>
 NET CASH FROM OPERATING ACTIVITIES	 <u>3,889,580</u>	 <u>1,590,507</u>	 <u>1,056,802</u>	 <u>6,536,889</u>	 <u>452,060</u>
 Cash flows from capital and related financing activities:					
Interest expense	(924,505)			(924,505)	
Purchase of equity in joint venture	(996,259)			(996,259)	
Acquisition of capital assets	(2,801,773)	(2,526,694)	(1,792,527)	(7,120,994)	(207,675)
Capital contributions		358,878	456,000	814,878	
Proceeds from sale of capital assets		5,025		5,025	17,798
Principal paid on bonds and contracts	(1,873,268)			(1,873,268)	
Systems development charge revenues	<u>202,896</u>	<u>356,628</u>	<u>497,163</u>	<u>1,056,687</u>	
 NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	 <u>(6,392,909)</u>	 <u>(1,806,163)</u>	 <u>(839,364)</u>	 <u>(9,038,436)</u>	 <u>(189,877)</u>
 Cash flows from investing activities:					
Interest received	<u>306,808</u>	<u>222,081</u>	<u>165,309</u>	<u>694,198</u>	<u>99,158</u>
 NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	 <u>(2,196,521)</u>	 <u>6,425</u>	 <u>382,747</u>	 <u>(1,807,349)</u>	 <u>361,341</u>
 CASH AND INVESTMENTS - Beginning of year	 <u>13,432,116</u>	 <u>9,889,281</u>	 <u>7,790,711</u>	 <u>31,112,108</u>	 <u>5,092,722</u>
 CASH AND INVESTMENTS - End of year	 <u><u>\$11,235,595</u></u>	 <u><u>\$9,895,706</u></u>	 <u><u>\$8,173,458</u></u>	 <u><u>\$29,304,759</u></u>	 <u><u>\$5,454,063</u></u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF BEAVERTON, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS, Continued
For the Fiscal Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Water Fund	Sewer Fund	Storm Drain Fund	Totals	
Reconciliation of operating income to net cash from operating activities:					
Operating income	\$2,013,239	\$415,302	\$92,386	\$2,520,927	\$288,093
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation and amortization	1,548,839	955,452	956,378	3,460,669	101,476
Change in assets and liabilities:					
Accounts receivable	(59,956)	(67,227)	(2,611)	(129,794)	9,491
Other receivables and other assets	2,860	993	2,199	6,052	88,506
Inventory of materials and supplies	(28,955)	853	(4,417)	(32,519)	(15,661)
Accounts payable	231,914	21,137	(62,596)	190,455	(56,578)
Accrued salaries and payroll taxes	(991)	29,414	29,787	58,210	40,624
Other accrued liabilities	(3,420)			(3,420)	(3,891)
Due from other governments	93,975			93,975	
Due to other governments	50,901	199,992	2,486	253,379	
Other postemployment benefits obligation	41,174	34,591	43,190	118,955	
TOTAL ADJUSTMENTS	1,876,341	1,175,205	964,416	4,015,962	163,967
NET CASH FROM OPERATING ACTIVITIES	\$3,889,580	\$1,590,507	\$1,056,802	\$6,536,889	\$ 452,060
Schedule of non-cash transactions:					
Reduction in investments in joint ventures due to net loss in joint venture operations	\$697,516	\$ ----	\$ ----	\$697,516	\$ ----
Contributions of infrastructure by developers	\$322,813	\$407,911	\$828,444	\$1,559,168	\$ ----
Contributions of infrastructure by other government agencies	\$86,900	\$75,900	\$1,717,909	\$1,880,709	

The notes to the basic financial statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Beaverton (City), Oregon have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City of Beaverton, Oregon, was incorporated in 1893 and operates under the provisions of its own charter and applicable State law, with a Mayor-Council form of government. The Mayor is the Chief Executive of the City and chairs City Council meetings. The Mayor does not vote, except in the event of a tie. The Mayor may veto an ordinance or other legislative enactment; the Council may override the veto by a four-fifths vote. The City Council (the "Council") is comprised of five members. The Mayor serves a four-year term. The five Council members are part-time elected officials who exercise the legislative powers of the City and determine matters of policy. The City Finance Director, other officers, and department directors are appointed by the Mayor.

The City of Beaverton provides a full range of municipal services to the community which includes police protection, traffic control and improvement, street maintenance and improvement, water, sewer and storm drain service, planning and zoning regulation, building inspection and regulation, community library, and municipal court service. Fire protection services are provided by Tualatin Valley Fire and Rescue and park services are provided by Tualatin Hills Park and Recreation District.

The accounts of the City are organized on the basis of funds. Fund accounting is designed to demonstrate legal compliance and aid financial management by segregating government functions and activities. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances (net assets), revenues, and expenditures (expenses).

B. Government-wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report information on all activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or business-type activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include 1) fees, fines, and charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise (business-type) funds are reported as separate columns in the fund financial statements. Nonmajor funds are consolidated into a single column within each fund

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2009

type in the financial section of the basic financial statements and are detailed in the supplemental information.

C. Measurement Focus and Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded, and is also an integral part of the measurement focus consideration.

The government-wide financial statements and the proprietary funds financial statements are presented on the full accrual basis of accounting with an economic resource measurement focus. An economic resource focus concentrates on an entity or fund's net assets. All transactions and events that affect the total economic resources (net assets) during the period are reported. These funds use the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligible and reimbursable expenditures are incurred.

The City's government-wide and proprietary fund accounting and financial reporting practices are based on all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply FASB guidance issued subsequent to November 30, 1989 to business-type activities and to enterprise funds.

Interfund activity consists of transfers, services provided and/or used, reimbursements, advances, and loans. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include interfund services provided and/or used. Interfund services provided and/or used are accounted for as revenues and expenses since the elimination of such revenues and expenses would distort the direct costs and program revenues reported for the various functions.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's ongoing operations. The operating revenues of the City's enterprise funds include but are not limited to, charges to customers for water, sewer and storm drain service. Significant operating expenses include personnel, materials and services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The governmental fund financial statements are accounted for using a current financial resources measurement focus, whereby only current assets and current liabilities generally are included in the Balance Sheet, and the Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases and decreases in those net current assets. These funds use the modified accrual basis of accounting whereby revenues are recognized when they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a related fund liability is incurred, except for interfund transactions which are recorded on the accrual basis and interest on general long-term debt which is recorded as due. Significant governmental funds revenues which were subject to accrual at June 30, 2009 under the modified accrual

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2009

basis of accounting were as follows: property taxes, state, county, and local shared revenues which are collected within 60 days subsequent to year end.

In the government-wide financial statements, however, with a full accrual basis of accounting, all expenses affecting the economic resource status of the government must be recognized. Thus, the expense and related accrued liability for long term portions of debt and compensated absences are included. Also in the government-wide financial statements, certain indirect costs have been included as part of the program expenses for the various functional activities.

Other receipts become measurable and available when cash is received and recognized as revenue at that time, except for revenues for grants and shared revenues which are recorded when the qualifying expenditures have been incurred and all other grant requirements have been met.

A deferred revenue arises in the governmental funds' balance sheet when potential revenue does not meet both the measurable and available criteria for recognition in the current period. This unavailable deferred revenue consists primarily of uncollected property taxes and assessments not deemed available to finance operations of the current period. In the government-wide Statement of Activities, with a full accrual basis of accounting, revenue is recognized as soon as it is earned regardless of its availability. Thus, the liability created on the governmental fund balance sheet for unavailable deferred revenue is eliminated. When grant monies are received prior to the incurrence of qualifying expenses, they are recorded as unearned revenues in the government-wide Statement of Net Assets.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the basic financial statements.

The City reports the following major governmental funds:

- **General Fund**
This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, state and county shared revenues and fines and forfeitures. Primary expenditures are for general government, planning and development, engineering services, and public safety.
- **Street Fund (Special Revenue Fund)**
Accounts for receipts and expenditures of revenues from county gasoline tax and state gasoline taxes apportioned from the State of Oregon, and expenditures as specified under Article IX, Section 3 of the Constitution of the State of Oregon.
- **Library Fund (Special Revenue Fund)**
Accounts for receipts and expenditures of revenues from a county library special levy, property taxes levied and donations received for operation of the City library. This fund consists of two budgetary funds (Library Fund and Library Donation Fund).

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2009

- **Capital Projects Fund (Capital Projects Fund)**
Accounts for the construction of major collector, arterial, and residential street infrastructure facilities. Grants, transfers from other funds, and intergovernmental revenues comprise its major sources of funds.

The City reports the following major proprietary funds:

- **Water Fund** (this fund consists of three budgetary funds, Water Operating Fund, Water Debt Service Fund, and Water Construction Fund that are combined as one enterprise fund in accordance with accounting principles generally accepted in the United States of America.)
- **Sewer Fund**
- **Storm Drain Fund**

These funds account for the operations, maintenance, debt service and capital construction projects for water, sewer and stormwater which are funded mostly through monthly user fees, system development fees, other extra capacity revenues and bond sale proceeds.

Additionally, the City reports non-major funds within the governmental fund type as follows:

- **Special Revenue Funds (6 nonmajor special revenue funds)**
Account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.
- **Debt Service Funds (2 nonmajor debt service funds)**
Account for the accumulation of resources and payment of principal and interest on general obligation, local improvement (Bancroft), and other long-term debt of governmental funds.
- **Capital Projects Fund (1 nonmajor Assessment Projects Fund)**
Accounts for the construction of the street, water and sewer projects to be financed by assessments to benefited property owners.

Additionally, the City reports the following fund type:

- **Internal Service Funds**
Internal service funds account for those activities and services furnished internally to other organizational units within the City on a cost reimbursement basis. Charges are made to the various departments to support these activities. The City's internal service funds include Reprographics, Garage, Information Systems, Geographic Information Systems, Public Works Administration, and Insurance. The aggregate of all internal service funds are reflected in the proprietary fund financial statements.

D. Assets, Liabilities, and Net Assets

1. Cash and Investments

The City maintains cash and investments (reported at amortized cost) in a common pool. Investments with a remaining maturity of more than one year are reported in accordance with GASB Statement No. 31. Interest earned on the pooled cash and investments is allocated monthly based on each fund's average cash balance as a proportion of the City's total pooled cash and investments.

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2009

2. *Receivables*

Interfund transactions that are representative of lending/borrowing arrangements outstanding at fiscal year end are referred to as "interfund receivable/payable". The balances outstanding between the General Fund and Other Governmental Funds is expected to be repaid with the proceeds from the property owners who received benefits from the local improvement district capital improvement project.

In the government-wide financial statement, all interfund receivables and payables are consolidated within the governmental funds and any residual balances between the governmental and business-type activities are reported as "internal balances".

Property taxes receivable of the governmental fund types, which have been collected within 60 days subsequent to year end, are considered measurable and available and are recognized as revenues. All other property taxes receivable are offset by deferred property tax revenues and, accordingly, have not been recorded as revenue in the fund financial statements. Property taxes become a lien against the property as of July 1 each year, and are payable in three installments on November 15, February 15, and May 15. Property taxes are levied on November 15. Taxes unpaid and outstanding as of May 16 are considered delinquent.

Assessment liens receivable are recorded as other governmental fund receivables at the time property owners are assessed for property improvements. The receivable balances that have not been collected within 60 days subsequent to year end are offset by deferred assessment lien revenues and accordingly, have not been recorded as revenue in the fund financial statements. Assessment interest receivable is recorded as earned; the assessment interest revenue is recognized when it becomes measurable and available.

Receivables of the proprietary fund types are recorded as revenue when earned, including services earned but not billed. The enterprise fund receivables relate to billings for residential and commercial customers that utilize the City's water, sewer and storm drain services.

Receivables in governmental and enterprise funds are stated net of an allowance for uncollectibles.

3. *Inventory of Materials and Supplies*

Inventory in the proprietary fund types, determined by physical count, are recorded at cost (first-in, first-out basis) and are charged to expense as used (consumption method).

4. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure (e.g., streets and roads, bridges, sidewalks, water reservoirs, water, sewer and storm lines, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City has elected to include its costs of rights of way acquired subsequent to July 1, 1980 as part of infrastructure. The City has also elected not to report infrastructure acquired prior to July 1, 1980. The threshold for capitalized equipment and improvements is \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Replacements which improve or extend the lives of property are capitalized.

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2009

Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in income. Estimated useful lives used in computing depreciation are:

Assets	Years
Equipment	5-10
Heating and Cooling System	40
Buildings and improvements	50
Infrastructure, utilities	50-65
Infrastructure, street	40-75

Interest costs in the enterprise funds are capitalized as part of the costs of capital assets during the period of construction based on the weighted average borrowing costs incurred. No interest was capitalized during the fiscal year ended June 30, 2009.

5. Investments in Joint Ventures

Investments in joint ventures with other governmental units are reported at cost plus or minus the City's share of operating income or loss (Note III. E).

6. Intangible Assets

Intangible assets consist of water rights which are amortized over 40 years on the straight-line method.

7. Compensated Absences

Earned but unpaid compensatory time is recorded as an expense in the proprietary fund types and government-wide statements. The City's compensated absences liability is typically used within one year, thus the liability of \$2,367,793 at June 30, 2009 is reported with other payroll liabilities that will mature within one year. In the fund financial statements for the governmental funds (modified accrual basis), a liability for compensated absences is reported only if matured. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees retire or are terminated.

8. Long-Term Debt

In the government-wide financial statements and also in the proprietary fund type statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities when material. Bond premiums and discounts, as well as issuance costs, are amortized using the straight-line method, which approximates the effective interest method, over the related debt repayment period. Unamortized bond discount costs are offset against bonds payable. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2009

9. Net Assets

Assets whose use is restricted for construction, debt service or by other agreement are segregated on the government-wide Statement of Net Assets and the Proprietary Fund Statement of Net Assets.

10. Use of Estimates

The preparation of basic financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The City budgets all funds which are subject to budget requirements of state law. The City Council legally adopts the budget by resolution before July 1. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of control (total personal services, materials and services, capital outlay, and other expenditures) is established by resolution for all funds. The General Fund's level of control is slightly different, in that, the total personal services, materials and services, capital outlay and other expenditures are by department.

The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. A supplemental budget that differs by 10 percent or more of any one of the individual funds contained in the original budget for that fiscal year requires hearings before the public, publications in newspapers, and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the City Council. The City adopted two supplemental budgets and seven transfer resolutions during the year ended June 30, 2009. Encumbrances that have not been expended at year-end lapse and subsequent actual expenditures are then charged against ensuing year's appropriations. The total encumbrance commitments that lapsed at June 30, 2009 were \$1,670,520.

III. DETAILED NOTES ON ALL FUNDS

A. Pooled Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds. Governmental activities and business-type activities portions of this pool are displayed on the government-wide Statement of Net Assets as "Cash and Investments". Oregon Revised Statutes (ORS) authorize the City to invest in obligations of the U.S. Treasury, U.S. government agencies and instrumentalities, bankers' acceptances guaranteed by an Oregon financial institution, repurchase agreements, State of Oregon Treasury Local Government Investment Pool, various interest bearing bonds of Oregon municipalities, certificates of deposit, and certain commercial paper among others. In addition, the City's investments are governed by a written investment policy, which is approved by the Oregon Short-Term Fund Board and adopted by the City Council. The policy specifies the City's investment objectives, required diversification, certain limitations, security safekeeping, and reporting requirements. The City's investment policy does not permit investment in bank repurchase agreements.

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2009

Cash and investments are comprised of the following at June 30, 2009

Cash on hand	\$52,847
Cash with fiscal agent	121,549
Deposits with financial institutions	2,036,861
Investments	69,059,191
	<u>\$71,270,448</u>

The City participates in an external investment pool (State of Oregon Treasury Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by the ORS and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establishes diversification percentages and specifies the types and maturities of investments. That portion of the external investment pool which belongs to local government participants is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report. A copy of the State's Comprehensive Annual Financial Report may be obtained at the Oregon State Treasury, 350 Winter St. NE, Salem, Oregon 97310-0840.

The City's position in the Pool at June 30, 2009 is stated at cost which approximates fair value.

Deposits with Financial Institutions

Deposits with financial institutions are comprised of bank demand deposits. The total bank balance is \$2,097,942 (book balance \$2,036,861). Of these deposits, \$467,084 was covered by federal depository insurance. For the \$1,630,858 deposits in excess of federal depository insurance, the ORS require that deposit accounts in excess of the deposit insurance limits are only maintained at financial institutions included on a list of qualified depositories as determined by the Office of the State Treasurer. The City was in compliance with the ORS requirement.

Interest Rate Risk

As a means of managing its exposure to fair value loss arising from increasing interest rates, the City's investment policy limits investment maturities to 18 months. In addition, the City intends to hold all investments until maturity.

The City's carrying value of investments as of June 30, 2009 approximate fair value and are summarized below:

	<u>Carrying Value</u>	<u>Less than 12 Months</u>	<u>12-18 Months</u>
Federal Agencies	\$37,551,152	\$32,046,747	\$5,504,405
State of Oregon Local Government Investment Pool	31,508,039	31,508,039	
Total Investments	<u>\$69,059,191</u>	<u>\$63,554,786</u>	<u>\$5,504,405</u>

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2009

Credit Risk

The City's investment policy outlines minimum allowable credit rating criteria and limits the portfolio of ownership in banker's acceptances and commercial paper to 25% and corporate notes to 10%. There are no portfolio limits to United States government agency securities, United States treasury obligations, time certificates of deposits and municipal obligations of the states of Oregon, California, Idaho and Washington.

As of June 30, 2009, the City's investments in federal agencies were rated AAA or A-1+ by Standard & Poor's in compliance with the City's investment policy. The State of Oregon Investment Pool is not rated.

Concentration of Credit Risk

<u>Issuer</u>	<u>Carrying Value</u>	<u>Percent of Holdings</u>
FFCB	\$1,443,323	2.09%
FHLB	11,299,648	16.36%
FHLMC	10,395,618	15.05%
FNMA	14,412,563	20.87%
Oregon Short-Term Fund (LGIP)	31,508,039	45.63%
	<u>\$69,059,191</u>	<u>100.00%</u>

B. Receivables

Receivables as of year end for the government's individual major and nonmajor funds, and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Accounts & Other</u>	<u>Property Taxes</u>	<u>Assessments & Liens</u>	<u>Accrued Interest</u>	<u>Grants</u>	<u>Due from other Governments</u>	<u>Total Receivables</u>
Governmental activities:							
General	\$2,446,021	\$1,077,828		\$123,674	\$89,195	\$229,856	\$3,966,574
Street	14,871			14,831		317,168	346,870
Library		76,344		11,558			87,902
Capital Projects				3,950		18,605	22,555
Other governmental		131,993	\$211,698	60,917	49,093	185,743	639,444
Internal service	7,030			27,233			34,263
Total - governmental activities	<u>\$2,467,922</u>	<u>\$1,286,165</u>	<u>\$211,698</u>	<u>\$242,163</u>	<u>\$138,288</u>	<u>\$751,372</u>	<u>\$5,097,608</u>
Amounts not scheduled for collection during the subsequent year	<u>\$</u>	<u>\$</u>	<u>\$134,198</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$134,198</u>
Business-type activities:							
Water	\$1,257,471			\$81,887		\$148,074	\$1,487,432
Sewer	1,528,256			60,339		805,327	2,393,922
Storm Drain	294,586			44,213			338,799
Total - business-type activities	<u>\$3,080,313</u>	<u>\$</u>	<u>\$</u>	<u>\$186,439</u>	<u>\$</u>	<u>\$953,401</u>	<u>\$4,220,153</u>

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2009

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Deferred</u>	<u>Unearned</u>
Delinquent property taxes receivable:		
General Fund	\$935,234	
Library	66,235	
Other Governmental	114,639	
Receivables to be collected in future years	214,930	
Special assessments not yet due (debt service fund)	211,698	
Grant received or awarded prior to meeting all eligibility requirements		\$2,498
Total deferred/unearned revenue for governmental funds	<u>\$1,542,736</u>	<u>\$2,498</u>

C. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2009 was as follows:

<u>Description</u>	<u>Beginning Balance 7/1/08</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance 6/30/09</u>
Non-depreciable Capital Assets				
Land	\$13,839,613	\$244,220		\$14,083,833
Construction in progress	59,776	93,419		153,195
Total capital assets not being depreciated	<u>13,899,389</u>	<u>337,639</u>		<u>14,237,028</u>
Depreciable Capital Assets:				
Buildings and improvements	35,227,439	47,200	(\$776,889)	34,497,750
Machinery and equipment	18,578,180	921,557	(269,108)	19,230,629
Infrastructure - street	112,277,024	6,615,447		118,892,471
Total depreciable capital assets	<u>166,082,643</u>	<u>7,584,204</u>	<u>(1,045,997)</u>	<u>172,620,850</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,788,072)	(763,620)	50,964	(8,500,728)
Machinery and equipment	(7,936,595)	(924,095)	264,764	(8,595,926)
Infrastructure - street	(12,282,096)	(2,189,868)		(14,471,964)
Total accumulated depreciation	<u>(28,006,763)</u>	<u>(3,877,583)</u>	<u>315,728</u>	<u>(31,568,618)</u>
Total capital assets being depreciated, net	<u>138,075,880</u>	<u>3,706,621</u>	<u>(730,269)</u>	<u>141,052,232</u>
Governmental activities capital assets, net	<u>\$151,975,269</u>	<u>\$4,044,260</u>	<u>(\$730,269)</u>	<u>\$155,289,260</u>

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2009

Depreciation expense for governmental activities is charged to functions as follows:

General government	\$669,006
Public safety	294,227
Highways and streets	2,300,832
Education	452,546
Cultural and recreation	59,496
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>101,476</u>
Total depreciation for governmental activities	<u><u>\$3,877,583</u></u>

Capital asset activity for business-type activities for the year ended June 30, 2009 was as follows:

Description	Beginning Balance 7/1/08	Increases	Decreases	Ending Balance 6/30/09
Non-depreciable Capital Assets:				
Land	\$2,364,880	\$292,951		\$2,657,831
Intangible Water Rights	285,126		(\$21,341)	263,785
Total capital assets not being depreciated	<u>2,650,006</u>	<u>292,951</u>	<u>(21,341)</u>	<u>2,921,616</u>
Depreciable Capital Assets:				
Buildings and improvements	538,221			538,221
Machinery and equipment	3,349,662	474,179	(40,448)	3,783,393
Infrastructure - utilities	169,659,158	9,763,081		179,422,239
Total depreciable capital assets	<u>173,547,041</u>	<u>10,237,260</u>	<u>(40,448)</u>	<u>183,743,853</u>
Less accumulated depreciation for:				
Buildings and improvements	(400,247)	(8,479)		(408,726)
Machinery and equipment	(2,150,692)	(443,489)	40,448	(2,553,733)
Infrastructure - utilities	(27,852,836)	(2,947,429)		(30,800,265)
Total accumulated depreciation	<u>(30,403,775)</u>	<u>(3,399,397)</u>	<u>40,448</u>	<u>(33,762,724)</u>
Total capital assets being depreciated, net	<u>143,143,266</u>	<u>6,837,863</u>	<u>-</u>	<u>149,981,129</u>
Business-type activities capital assets, net	<u><u>\$145,793,272</u></u>	<u><u>\$7,130,814</u></u>	<u><u>(\$21,341)</u></u>	<u><u>\$152,902,745</u></u>

Depreciation expense for business-type activities is charged to functions as follows:

Water	\$1,487,567
Sewer	955,452
Storm water	<u>956,378</u>
Total depreciation for business-type activities	<u><u>\$3,399,397</u></u>

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2009

D. Interfund Balances and Transfers

The composition of interfund balances as of June 30, 2009, is as follows:

Interfund Loan Receivable/Payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$4,674

The loan receivable in the General Fund in the amount of \$4,674 is from the Assessment Debt Service Fund, which represents the long-term LID construction loan that is to be repaid as the assessed property owners make payments in future years.

Interfund transfers

Transfers between funds provide support for various City programs in accordance with budgetary authorizations and resources for payment of debt services. General Fund transfer to the Library Fund is to support the library operation; nonmajor governmental funds transfers to the General Fund are transfers from the State Revenue Sharing Fund to support the economic development program and also for the mass-transit pass program. Street Fund transfers to the Capital Projects Fund are for street improvements. The nonmajor governmental fund transfer to the Capital Projects Fund was to fund street extension projects; to other nonmajor governmental funds represents commitment to the Beaverton Arts Commission. Interfund transfers for the fiscal year ended June 30, 2009, consisted of the following:

	Transfers In				Total
	General Fund	Library Fund	Capital Projects Fund	Nonmajor Governmental Funds	
Transfers Out					
Governmental Funds:					
General Fund		\$ 541,935			\$541,935
Street Fund			\$92,236		92,236
Nonmajor Governmental Funds	\$154,451		73,396	\$189,167	417,014
Total Transfers in/out	<u>\$154,451</u>	<u>\$541,935</u>	<u>\$165,632</u>	<u>\$189,167</u>	<u>\$1,051,185</u>

E. Investments in Joint Ventures

	Joint Water Commission	Barney Reservoir	Total
Investment in joint ventures at July 1, 2008	\$18,655,975	\$7,608,046	\$26,264,021
Investment	341,393	407,547	748,940
Loss for the year	(517,223)	(180,293)	(697,516)
Investment in joint ventures at June 30, 2009	<u>\$18,480,145</u>	<u>\$7,835,300</u>	<u>\$26,315,445</u>

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2009

Joint Water Commission

In April 1979, the City purchased an interest in the Joint Water Commission ("JWC") to provide joint operations for the supply, pumping, treatment, and transmission of potable water. This agreement was established between the City of Hillsboro, the City of Forest Grove, and the City of Beaverton. Effective July 1994, the JWC expanded its membership to include Tualatin Valley Water District ("TVWD"), and in March 2004, the City of Tigard also joined the JWC. The JWC is governed by three members from each entity. The City of Beaverton currently has a 25% ownership of JWC facilities.

Barney Reservoir Joint Ownership Commission

The Barney Reservoir Joint Ownership Commission ("BRJOC") was formed to own, operate, and expand the J.W. Barney Reservoir (a dam on the Trask River in the coastal mountains). The BRJOC is governed by one member from each entity. The City of Beaverton currently has a 21.5% ownership (4,300 acre feet) of the Barney Reservoir.

The investments in the joint venture are reported at cost in the Water Fund, and the City's share of the annual net income or loss of the Joint Water and Barney Reservoir Joint Ventures is used to adjust the ending balance of the City's equity interest in the joint venture. Financial statements for both commissions may be obtained from the City of Hillsboro, Finance Department at 150 East Main St, Fifth Floor, Hillsboro, Oregon 97123.

F. Lease Obligations

Capital Lease

In June 2005, the City entered into a twenty (20)-year lease agreement as lessee for financing the acquisition of Beaverton Central Heating and Cooling Services and the Domestic Hot Water Supply System ("Combined Plants"). The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. The asset with a recorded value of \$7,077,977 was acquired through a capital lease and it is reported as machinery and equipment in the governmental activities. The asset is depreciated over the useful life of forty (40) years.

The future minimum lease obligation and the net present value of the lease payments as of June 30, 2009 are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2010	\$360,036
2011	370,837
2012	381,962
2013	393,421
2014	405,224
2015-2019	2,215,930
2020-2024	2,568,869
2025	513,489
Total minimum lease payments	7,209,768
Less: amount representing interest	(1,447,689)
Present value of minimum lease payments	<u>\$5,762,079</u>

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2009

Operating Lease

The City leases office building space for the Combined Plants in the Beaverton Round commercial building under the same lease agreement expiring in 2025. The term of the original agreement may be renewed for an additional 20-year term. The cost for the lease of 4,500 square feet was \$86,188 for the year ended June 30, 2009. The future minimum lease payments for this lease are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2010	\$83,612
2011	86,120
2012	88,704
2013	91,365
2014	94,106
2015-2019	514,610
2020-2024	596,576
2025	119,249
Total	<u>\$1,674,342</u>

G. Long-term debt

Long-term Loan Payable

In March 2004, the City received \$752,000 through a Section 108 loan guarantee program of the Housing and Community Development Act of 1974. The loan proceeds were used to purchase a child care center facility leased by Community Action Head Start to secure a permanent child care resource for Beaverton's low income families. The principal and interest payments of the Section 108 loan will be made with lease receipts from Head Start. Future maturities are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$30,000	\$33,636
2011	31,000	32,119
2012	33,000	30,517
2013	35,000	28,808
2014	36,000	27,019
2015-2019	212,000	104,548
2020-2024	271,000	39,564
TOTALS	<u>\$648,000</u>	<u>\$296,211</u>

In December of 2005, the City assumed a long-term loan payable of \$601,747 from the previous owner of the Beaverton Central Heating and Cooling Plant as a part of the agreement of the asset transfer that took place in FY 2004-05. In June of 2007, the City borrowed an additional \$1,000,000 to finance the construction costs of the Plant expansion. Both loans were issued from the State of Oregon Department of Energy through a Small Scale Energy Loan Program, and the principal and interest payments of both loans will be made with the revenues received from customers of the Plant. Future maturities are as follows:

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2009

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$92,677	\$87,572
2011	98,790	81,458
2012	105,310	74,939
2013	112,260	67,989
2014	119,672	60,577
2015-2019	560,694	183,389
2020-2022	288,680	31,380
TOTALS	\$1,378,083	\$587,304

General Obligation Bonds

The City issues general obligation (GO) bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Principal and interest payments are paid solely from property tax revenues. The original amount of GO bonds issued in 1999 was \$21,895,000, and on August 16, 2005, the City issued \$13,575,000 GO refunding bonds to advance refund the callable portion of the 1999 bonds. The proceeds of refunding bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds, and on June 01, 2009, \$13,375,000 of 1999 GO bonds have been called. The following is the City's outstanding GO bonds:

<u>Governmental Activities</u>	<u>Interest Rates</u>	<u>Balance</u>
General obligation bonds serviced by general property taxes:		
GO Refunding Bonds, 2005	3.00% to 5.00%	\$13,110,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$1,165,000	\$564,038
2011	1,205,000	523,262
2012	1,245,000	481,088
2013	1,290,000	434,400
2014	1,345,000	382,800
2015-2019	6,860,000	976,500
	13,110,000	3,362,088
Unamortized discount	(27,215)	
TOTALS	\$13,082,785	\$3,362,088

Revenue Bonds

The City issues revenue bonds to finance major construction projects for business-type activities. During fiscal year 2006, the City issued \$10,000,000 Water Revenue Bonds, Series 2006 to finance the costs of additions, replacements, expansions and/or improvements to the City's Water System, the City's share of the Joint Water Commission capital expansion projects and to pay the costs of issuance, bond insurance and a reserve credit facility.

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2009

Certain Water Revenue Bonds are callable at various prices at specified times prior to maturity. The 2004 (B) bonds refunded the remaining portion of the Water Revenue Bonds, Series 1994 and the callable portion of the Water Revenue Bonds, Series 1997. The 2004 issue defeased all of the Water Revenue Bonds, Series 1992 and advance refunded a portion of the Water Revenue Bonds, Series 1994. Outstanding revenue bonds as of June 30, 2009 include the remaining Series 2004, 2004 (B) and 2006 water bonds.

The City covenants in the Master Water Bond Ordinance to charge rates and fees in connection with the operation of the water system which, when combined with other gross revenues, are adequate to generate net revenues in each fiscal year at least equal to 1.20 times annual debt service due in that fiscal year for senior lien debt and outstanding bonds. If the net revenues fail to meet this level, the City is required to promptly increase its rates and fees or reduce expenses to a level so that net revenues are projected to meet the required level. As of June 30, 2009 the City was in compliance with these requirements.

<u>Business-type Activities</u>	<u>Interest Rates</u>	<u>Ending Balance</u>
Enterprise bonds serviced by specific fund revenues:		
Water Revenue Bonds - 2004 Series	2.00% to 4.00%	\$6,535,000
Water Revenue Bonds - 2004 (B) Series	2.00% to 5.00%	5,940,000
Water Revenue Bonds - 2006 Series	4.00% to 4.20%	8,965,000
Total Revenue Bonds		\$21,440,000

Revenue bond debt service requirements to maturity are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2010	\$1,905,000	\$829,894
2011	2,040,000	745,819
2012	2,115,000	677,794
2013	2,185,000	604,506
2014	2,280,000	519,931
2015-2019	6,415,000	1,488,159
2020-2024	3,065,000	685,225
2025-2026	1,435,000	90,790
	21,440,000	5,642,118
Unamortized discount	(190,702)	
TOTALS	\$21,249,298	\$5,642,118

Contracts Payable

The City has two contracts payable with the U.S. Department of the Interior, Bureau of Reclamation for water rights at Scoggins Dam. The first contract is for 2,500 acre feet of water rights and the second contract is for 1,500 acre feet of water rights. Both contracts are due and payable in annual installments and bear interest at 3.5%. Because the imputed interest rate of 11% is greater than the 3.5% stated interest rate, there is an unamortized discount amount being amortized against the annual interest expense. The ending balance of both contracts at June 30, 2009 totals \$671,037 (net of \$353,407 unamortized discount).

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2009

<u>Business-type Activities</u>	<u>Interest Rates</u>	<u>Balance</u>
U.S. Department of Interior, Bureau of Reclamation - contract payable Scoggins Dam	3.5%	\$1,024,444

Debt service requirements to maturity on contracts payable are as follows:

<u>Year Ending June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$29,254	\$35,855
2011	30,278	34,831
2012	31,337	33,772
2013	32,434	32,675
2014	33,570	31,540
2015-2019	186,316	139,231
2020-2024	221,285	104,262
2025-2029	212,635	63,593
2030-2034	170,492	31,760
2035-2036	76,843	4,058
	1,024,444	511,577
Unamortized discount	(353,407)	
TOTALS	\$671,037	\$511,577

Changes in long-term liabilities and compensated absences

Long-term liability and compensated absences activity for the year ended June 30, 2009, was as follows:

<u>Bonds and Obligations Payable and Compensated Absences</u>	<u>Beginning Balance 7/1/2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 6/30/2009</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
General obligation bonds	\$14,190,063		(\$1,107,278)	\$13,082,785	\$1,162,279
Loan payable, Sec. 108	676,000		(28,000)	648,000	30,000
Loan payable, State Energy	1,465,048		(86,965)	1,378,083	92,677
Lease payable	5,953,290		(191,211)	5,762,079	211,633
Compensated absences	1,905,873	\$2,726,627	(2,540,763)	2,091,737	2,091,737
Governmental activities long term liabilities	\$24,190,274	\$2,726,627	(\$3,954,217)	\$22,962,684	\$3,588,326
<u>Business-Type Activities:</u>					
Revenue bonds	\$23,003,201		(\$1,753,903)	\$21,249,298	\$1,861,746
Contracts payable	686,037		(15,000)	671,037	15,689
Compensated absences	239,368	\$359,888	(323,200)	276,056	276,056
Business-type activities long term liabilities	\$23,928,606	\$359,888	(\$2,092,103)	\$22,196,391	\$2,153,491

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2009

IV. OTHER INFORMATION

A. Pension Plan - State of Oregon Public Employees Retirement System and Oregon Public Service Retirement Plan

1. Plan Description

The City contributes to the Oregon Public Employees Retirement System (PERS) and to the Oregon Public Service Retirement Plan (OPSRP). PERS is an agent multiple-employer defined benefit public employee retirement system. OPSRP is a hybrid retirement plan with two components: the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan) and the Individual Account Program (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan). A defined benefit plan is benefit-based and uses predictable criteria such as a pension determined by salary multiplied by length of service multiplied by a factor. A defined contribution plan has no guarantee. OPSRP is administered by PERS. PERS acts as a common investment and administrative agent for political subdivisions in the State of Oregon.

The 2003 Oregon Legislature established OPSRP. Public employees hired on or after August 29, 2003 become part of OPSRP, unless membership was previously established in PERS. The 1995 Oregon Legislature established a different level of benefits for employees who began their six-month waiting period on or after January 1, 1996. This level is called Tier Two.

The State of Oregon PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard Oregon 97281-3700 or by calling 1-503-598-7377.

Benefits generally vest after five years of continuous service. General Service employees may retire after reaching age 55; police personnel are eligible after reaching age 50. PERS Tier One and Tier Two employees with 30 years of service (25 years for police personnel at age 50) receive unreduced benefits. General Service employee benefits are reduced if retirement occurs prior to age 58 with less than 30 years of service (age 60 for Tier Two). OPSRP General Service employees receive full benefits if they are 58 years of age and have 30 years of service or are age 65. OPSRP police officer personnel receive full benefits if they are 53 years of age and have 25 years of service or are age 60.

Retirement benefits are based on final average salary and length of service. PERS retirement benefits are calculated using three methods: Full Formula, Formula Plus Annuity, and Money Match. PERS will use the method that produces the highest benefit amount. OPSRP pension benefits are calculated as follows: general service members - 1.5 percent of final average salary multiplied by the number of years of retirement credit attributable to service; police - 1.8 percent of final average salary multiplied by the number of years of retirement credit attributable to service. PERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statutes.

2. Funding Policy

The rate of employer contributions to PERS is determined periodically by PERS based on actuarial valuations performed at least every two years. Contributions made by the City for the year ended June 30, 2009 on behalf of the qualifying employees represented 6% of covered payroll. The 2003 Oregon Legislative Assembly enacted legislation that amended the PERS benefit structure and reduced the funding requirements to PERS. Because of pending litigation concerning the 2003 passed legislation,

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2009

the City elected to implement higher employer contribution rates for budget purposes for fiscal years 2004-2008. The City set aside the monetary difference between the two rates pending the outcome of any PERS litigation. This process has produced \$3.48 million as of June 30, 2009. This amount can be used as a resource to pay down future deficits.

3. Annual Pension Cost

For fiscal year 2009, the City's annual pension cost of \$4,906,712 was equal to the City's required and actual contribution. The required contribution was determined as part of the actuarial valuation at December 31, 2005, using the projected unit credit actuarial cost method. The fair market value method is used to determine the actuarial value of the plan's assets. Significant actuarial assumptions used in the valuation include: (i) consumer price inflation of 2.75% per year, (ii) healthcare cost inflation assumed at 9.0% in 2009, then declining by .5% per year until the rate of 5.0% is reached in 2013; (iii) a rate of return on the future investment earnings of the assets of the System are assumed to accrue at an annual rate of 8.0% compounded annually; (iv) a rate of return on the future investment earnings of the Variable Accounts are assumed to accrue at an annual rate of 8.5%, compounded annually; (v) projected annual rate of wage inflation of 3.75%, compounded annually, excluding merit or longevity increases; (vi) unfunded actuarial liability is amortized on a level percentage of combined annual payroll on a closed group fixed term basis over twenty (20) years. The 2009 annual pension costs (APC) reflect the reduction in contribution rate for Tier I and Tier II employees.

Three-year Trend Information:

	Fiscal Year		
	2009	2008	2007
City contribution rate: Tier I/Tier II	10.32%	10.32%	13.32%
City contribution rate: Tier III (OPSRP General)	10.23%	10.23%	8.04%
City contribution rate: Tier III (OPSRP Police)	13.50%	13.50%	11.65%
Employee contribution paid by City	6.00%	6.00%	6.00%
City payroll covered by ORPERS (approximate)	\$30,400,000	\$28,600,000	\$27,300,000
Annual Pension Cost (APC)	4,906,712	4,488,468	4,790,257 *
Percentage of APC Contributed	100.00%	100.00%	100.00%
Net Pension Obligation	0	0	0

*Adjustment made in 2008 to include previously omitted 2007 payment.

B. Other Post Employment Benefits (OPEB)

1. Plan Description

The City is required by Oregon Revised Statute 243.303 to provide retirees (if they elect) with group health and dental insurance coverage from the date of retirement age to age 65 at the same rates as provided to current City employees. The Government Accounting Board Statement Number 45 is applicable to the City due to the resulting implicit rate subsidy. This is not a stand-alone plan and there are no separately issued financial statements. The City does not provide any explicit employee benefits.

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2009

2. Funding Policy

The City collects insurance premiums from participating retirees each month. The premium payments are then deposited into the City's self-insurance fund. The City then includes the retirees' payments along with its payment of current employee premiums to the insurance carriers at the established amounts for each coverage type. As of the actuarial report date August 1, 2008, 27 retirees and 10 spouses were participating in the plan and on average over the last seven years, 37% of the retirees elected to participate in the plan. The premium rates are established each year through negotiation with the various insurance carriers. The rates for FY 2008-09 are as follows:

Coverage type	Health Plans			Dental Plans	
	Plan 200	Point of Service	Kaiser	Management	SEIU & Police
Single	\$557.89	\$562.11	\$343.99	\$74.75	\$65.04
Single Plus 1	1,021.02	1,028.77	687.98	129.70	113.45
Family	1,539.85	1,551.53	1,031.97	190.72	165.13

3. Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the Annual Required Contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represent a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of 14 years. The following schedule show the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan and the changes in the City OPEB obligation to the plan:

Annual Required Contribution (ARC)	\$1,361,673
Interest on prior year net OPEB contribution	-
Adjustment to ARC	-
Annual OPEB cost	1,361,673
Implicit benefit payments	261,639
Increase in net OPEB obligation	1,100,034
Net OPEB obligation – beginning of year	-
Net OPEB obligation – end of year	<u>\$1,100,034</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for FY 2008-09 is as follows. Information for preceding years is not presented as FY 2008-09 is the first year of implementation of GASB 45.

Fiscal Year	Annual OPEB	Percent of Annual	Net OPEB
Ended	Cost	OPEB Cost	Obligation
		Contributions	
<u>6/30/2009</u>	<u>\$1,361,673</u>	<u>19%</u>	<u>\$1,100,034</u>

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2009

4. Funding Status and Funding Progress

As of August 1, 2008, the most recent actuarial valuation, the plan was zero percent funded as the plan is funded on a pay-as-you-go basis. The actuarial accrued liability for benefits was \$4,590,741 and also equaled the unfunded actuarial accrued liability (UAAL). The annual payroll of active employees covered by the plan (covered payroll) was \$30,400,000 and the ratio of the UAAL to the covered payroll was 15.1%.

The plan's actuarial valuation involves estimates of amounts and assumptions about the probability of events far into the future, such as, future employment, mortality and healthcare cost trends. Amounts determined about the funding status of the plan and the annual required contributions are subject to periodic revision as actual results for each period are compared with past expectations and new assumptions are made about the future.

5. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the health benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members. The actuarial methods and assumptions include techniques that are designed to reduce the effects of short-term volatility in actuarial results consistent with the long term perspective of the calculations.

In the August 1, 2008 valuation, the entry age normal actuarial cost method was used. The investment return for the City was assumed to be 4.5% to reflect the long-term annual investment returns for the Oregon Local Government Investment Pool and comparable investment vehicles. Health care cost increases were assumed to be 8% in the first year (August 2009 premiums), 7% in the second year, 6.5% in the third year, 6% for years four through fourteen, 5.5% for years fifteen through twenty-nine years and 5% thereafter. The UAAL is being amortized over an initial period of 14 years.

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Payroll
8/1/2008	\$0	\$4,590,741	\$4,590,741	0%	\$30,400,000	15.1%

C. Retirement Health Insurance Account (RHIA)

1. Plan Description

As a member of Oregon Public Employees Retirement System (OPERS) the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2009

2. Funding Policy

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently .37% of annual covered payroll for Tier 1/Tier 2 members and .26% for OPSRP members. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to RHIA for the year ended June, 30, 2009 were \$75,958.75 which equaled the required contributions for that year.

D. Risk Management

The City is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. Significant real and personal property exposures are covered by insurance for loss from all perils, including earthquake and flood damage. General and automobile liability exposures are insured up to \$2,000,000 per occurrence, and are subject to a \$125,000 aggregate deductible. The City retains the first \$500,000 per workers' compensation claim and transfers the excess exposure through commercial insurance. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

Liabilities include an amount for claims that have been incurred but not reported (IBNR). At June 30, 2009, \$144,334 and \$361,000 of those liabilities are outstanding in the General Liability Program and in the Workers' Compensation Program, respectively. Changes in the Internal Services Funds' claims liability for the years ended June 30, 2008 and 2009 are as follows:

	Balance <u>July 1</u>	Changes in <u>Estimates</u>	Claim <u>Payments</u>	Balance <u>June 30</u>
2007-2008	\$505,334	\$419,246	(\$419,246)	\$505,334
2008-2009	505,334	459,831	(459,831)	505,334

The City fully insures its health insurance benefit obligations through three different plans. The ODS Health Plan (ODS) Point of Service (POS) plan offers eligible employees and dependents a maximum lifetime benefit of \$2,000,000. The ODS Preferred Provider Option (PPO) plan offers a \$2,000,000

CITY OF BEAVERTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2009

lifetime benefit. The Kaiser plan has no lifetime maximum benefit. The City's self-insured dental plan provides coverage up to a maximum of \$3,000 per year for management employees and \$2,000 per year for union employees. The City is required by state law to provide unemployment benefits to eligible employees for a period not to exceed twenty-six weeks.

E. Commitments and Contingencies

Workers' compensation, general liability, auto, unemployment, medical, and dental claims covered by the City's Insurance Fund (Internal Service Fund) are reviewed, and losses are accrued based on the judgment of City management. In the opinion of City management, the ultimate disposition of these claims will not have a material adverse effect on the financial position or results of operations of the Internal Service Funds.

The City is the defendant in several legal actions currently pending. Although their outcome cannot be determined, it is the opinion of management that settlement of these matters will not have a material effect on the financial position and results of operations of the City.

The City has active construction projects as of June 30, 2009 which represent multi-year contracts. As of June 30, 2009, the amount of uncompleted contracts for various projects totals \$1,285,549.

F. Transactions with Clean Water Services of Washington County

In April 1976, the City entered into a contract with the Clean Water Services of Washington County (CWS) whereby the City acts as a collection agent for CWS for sewer service charges and sewer connection charges inside the City's limits. The City, in 1990, also entered into a contract with CWS to collect storm drain charges. In accordance with the agreements, the City collects all charges on behalf of CWS and remits all applicable collections to CWS, except for 17.526% of sewer service charges, 20% of sewer connection charges collected, and 75% of applicable surface water (storm drain) charges collected. During fiscal year 2009, the City retained \$4,783,780 as charges for services revenues and \$356,628 as sewer systems development charge revenues included in the Business-type activities.

G. Subsequent Event

The General Fund's accounts receivables balance at June 30, 2009 totals \$2,446,021 and of that total, \$1,466,364 represents amounts due for utility services provided to the Round Development that was subject to a lawsuit initiated by the City. In July 2009, the City settled the lawsuit with the owners of the Round. As a result of the settlement, the \$1,466,364 was received on July 2, 2009.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

MAJOR GOVERNMENTAL FUNDS

General Fund

Special Revenue Funds

Street Fund
Library Fund
*Library Donation Fund**

**PUBLIC EMPLOYEE RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS**

*This is a nonmajor budgetary fund that is combined with the Library Fund in the fund financial statements.

CITY OF BEAVERTON, OREGON
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes	\$24,213,495	\$24,213,495	\$24,305,462	\$91,967
Intergovernmental	1,754,347	1,757,497	1,773,345	15,848
Federal grants	81,750	833,596	300,151	(533,445)
Federal stimulus funds		7,200		(7,200)
Fees, licenses and permits	1,359,500	1,359,500	1,261,637	(97,863)
Franchise fees	5,454,721	5,454,721	5,646,614	191,893
Fines and forfeitures	3,956,000	3,956,000	3,847,350	(108,650)
Interest on investments	450,000	452,228	463,483	11,255
Charges for services	2,223,554	2,233,554	1,827,030	(406,524)
Sale of City property	1,000	1,000	540	(460)
Miscellaneous revenues	704,896	706,628	640,220	(66,408)
TOTAL REVENUES	40,199,263	40,975,419	40,065,832	(909,587)
Expenditures:				
Current:				
General government	18,363,716	19,163,560	16,171,538	2,992,022
Public safety	20,874,637	21,221,644	20,501,617	720,027
Debt service	523,454	524,790	524,790	
Capital Outlay	817,100	1,564,077	217,204	1,346,873
Contingency	11,737,817	12,780,071		12,780,071
TOTAL EXPENDITURES	52,316,724	55,254,142	37,415,149	17,838,993
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(12,117,461)	(14,278,723)	2,650,683	16,929,406
Other financing sources (uses):				
Transfers in	2,951,474	2,951,474	2,947,525	(3,949)
Payment of interfund loan receivable	5,354	5,354	5,483	129
Transfers out	(4,902,551)	(4,945,851)	(4,336,341)	609,510
TOTAL OTHER FINANCING SOURCES (USES)	(1,945,723)	(1,989,023)	(1,383,333)	605,690
NET CHANGE IN FUND BALANCE	(14,063,184)	(16,267,746)	1,267,350	17,535,096
FUND BALANCES - budgetary basis, Beginning of year	14,063,184	16,267,746	16,267,746	
FUND BALANCES - budgetary basis, End of year	\$ ----	\$ ----	\$17,535,096	\$17,535,096

**Reconciliation of net change in fund balance -
budgetary basis to GAAP basis**

Net change in fund balance - budgetary basis	\$1,267,350
Payment on interfund loan receivable, reclassified as balance sheet transaction	(5,483)
Funding of compensated absences, not GAAP expense	138,529
Net change in fund balance - GAAP basis	\$1,400,396

CITY OF BEAVERTON, OREGON
STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
State gas tax	\$3,769,281	\$3,769,281	\$3,309,582	(\$459,699)
County gas tax	375,636	375,636	337,386	(38,250)
Franchise fee from General Fund	908,085	908,085	996,461	88,376
Federal grants			6,609	6,609
Interest on investments	61,000	61,000	57,293	(3,707)
Charges for services	180,000	180,000	237,690	57,690
Sale of city property			5,610	5,610
Miscellaneous revenues	60,000	60,000	153,959	93,959
TOTAL REVENUES	5,354,002	5,354,002	5,104,590	(249,412)
Expenditures:				
Personal services	1,959,176	2,006,618	1,828,026	178,592
Materials and services	1,507,985	1,572,254	1,313,238	259,016
Capital outlay	97,500	345,411	317,703	27,708
Contingency	2,272,847	2,360,736		2,360,736
TOTAL EXPENDITURES	5,837,508	6,285,019	3,458,967	2,826,052
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(483,506)	(931,017)	1,645,623	2,576,640
Other financing (uses):				
Transfers out	(1,910,897)	(1,910,897)	(1,621,599)	289,298
NET CHANGE IN FUND BALANCE	(2,394,403)	(2,841,914)	24,024	2,865,938
FUND BALANCES - budgetary basis, Beginning of year	2,394,403	2,841,914	2,841,914	
FUND BALANCES - budgetary basis, End of year	\$ ----	\$ ----	\$2,865,938	\$2,865,938

**Reconciliation of net change in fund balance -
budgetary basis to GAAP basis**

Net change in fund balance - budgetary basis	\$24,024
Funding of compensated absences, not GAAP expense	7,845
Net change in fund balance - GAAP basis	<u>\$31,869</u>

CITY OF BEAVERTON, OREGON
LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Property taxes:				
Current year's levy	\$1,692,900	\$1,692,900	\$1,692,028	(\$872)
Prior years' levy	22,000	22,000	28,703	6,703
Intergovernmental	4,206,604	4,206,604	4,205,960	(644)
Fines and forfeits	150,000	150,000	165,956	15,956
Interest on investments	33,000	33,000	43,267	10,267
Contributions, donations, and others	300	300	443	143
Miscellaneous revenues	19,200	19,200	73,581	54,381
TOTAL REVENUES	6,124,004	6,124,004	6,209,938	85,934
Expenditures:				
Personal services	3,903,428	3,926,849	3,826,112	100,737
Materials and services	1,323,904	1,371,638	1,267,964	103,674
Capital Outlay	35,512	39,772	39,772	
Contingency	1,448,115	1,434,029		1,434,029
TOTAL EXPENDITURES	6,710,959	6,772,288	5,133,848	1,638,440
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(586,955)	(648,284)	1,076,090	1,724,374
Other financing sources (uses):				
Transfers in	541,935	541,935	541,935	
Transfers out	(1,096,098)	(1,096,098)	(1,084,354)	11,744
TOTAL OTHER FINANCING SOURCES (USES)	(554,163)	(554,163)	(542,419)	11,744
NET CHANGE IN FUND BALANCE	(1,141,118)	(1,202,447)	533,671	1,736,118
FUND BALANCES - budgetary basis, Beginning of year	1,141,118	1,202,447	1,202,447	
FUND BALANCES - budgetary basis, End of year	\$ ----	\$ ----	\$1,736,118	\$1,736,118

**Reconciliation of net change in fund balance -
budgetary basis to GAAP basis**

Net change in fund balance - budgetary basis	\$533,671
Funding of compensated absences, not GAAP expense	3,598
Net change in fund balance, Library Donation Fund (see Note)	(3,022)
Net change in fund balance - GAAP basis	<u>\$534,247</u>

Note: This budgetary fund is combined with the Library Donation Fund (nonmajor fund, page 48) in the fund financial statement.

CITY OF BEAVERTON, OREGON
LIBRARY DONATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Interest on investments	\$1,350	\$1,350	\$1,524	\$174
Miscellaneous revenues	1,000	1,000		(1,000)
Contributions and donations	25,000	25,000	18,480	(6,520)
TOTAL REVENUES	27,350	27,350	20,004	(7,346)
Expenditures:				
Materials and services	39,000	39,000	19,716	19,284
Capital outlay	5,000	5,000	3,310	1,690
Contingency	55,006	48,982		48,982
TOTAL EXPENDITURES	99,006	92,982	23,026	69,956
DEFICIENCY OF REVENUES				
UNDER EXPENDITURES	(71,656)	(65,632)	(3,022)	62,610
FUND BALANCES - budgetary				
basis, Beginning of year	71,656	65,632	65,632	
FUND BALANCES - budgetary				
basis, End of year	\$ ----	\$ ----	\$62,610	\$62,610

Note: There is no difference between budgetary revenues and expenditures and GAAP revenues and expenditures.

This budgetary fund is combined with the Library Fund (major fund, page 47) in the fund financial statements.

CITY OF BEAVERTON, OREGON
PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
June 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	(Overfunded) / Unfunded AAL	Funded Ratio	Covered Payroll	(Overfunded) / Unfunded as a Percentage of Covered Payroll
12/31/99	\$107,176,294	\$96,792,730	(\$10,383,564)	111 %	\$17,555,960	(59) %
12/31/01	109,422,457	92,492,228	(16,930,229)	118	20,524,254	(82)
12/31/03	107,511,987	116,106,713	8,594,726	93	23,098,944	37
12/31/04 *	120,361,263	130,068,606	9,707,343	93	25,806,789	38
12/31/05	135,827,667	136,633,049	805,382	99	25,202,309	3
12/31/06	152,481,527	142,451,626	(10,029,901)	107	25,678,994	(39)
12/31/07	163,532,200	150,054,556	(13,477,644)	109	26,663,695	(51)
12/31/08	124,870,860	156,712,907	31,842,047	80	28,710,908	111

*Interim valuation

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

These funds account for revenues from specific taxes or other earmarked revenues.

State Revenue Sharing Fund - accounts for the receipt and expenditure of revenue sharing funds received from the State of Oregon.

Building Operating Fund - accounts for revenues generated by the Building Division. Revenues are dedicated for expenditures related to plan review and inspection.

Community Development Block Grant Fund - accounts for entitlement grant funds from the U.S. Department of Housing and Urban Development (HUD).

Street Lighting Fund - accounts for revenues from property taxes designated for street lighting expenditures.

Traffic Impact Fee Fund - accounts for traffic impact fees imposed on development based on the number of trips generated by the development. Revenues are dedicated for expenditures on construction and improvements of arterial and collector projects and extra capacity transit projects.

Beaverton Arts Commission Fund - accounts for the receipt and expenditure of monies received as contributions for the purpose of promoting the arts in the Beaverton area.

DEBT SERVICE FUNDS

These funds are used to account for payment of general obligation debt and assessment debt.

General Obligation Debt Service Fund - accounts for payment of general obligation bond principal and interest. The principal source of revenue is property taxes.

Assessment Debt Service Fund - accounts for the financing and collection of assessments from the benefited property owners and the payment of principal and interest on improvement bonds. The primary sources of funds are collections and interest earnings.

CAPITAL PROJECTS FUND

Assessment Projects Fund - accounts for the construction of the street, water and sewer projects to be financed by assessments to benefited property owners. The primary source of funds is bond sale proceeds.

CITY OF BEAVERTON, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2009

	Special Revenue Funds	Debt Service Funds	Capital Projects Fund (1)	Total
Assets:				
Cash and investments	\$8,420,761	\$247,313	\$33,229	\$8,701,303
Property taxes receivable	53,578	78,415		131,993
Assessment liens receivable		211,698		211,698
Accrued interest receivable	48,489	12,231	197	60,917
Due from other governments	185,743			185,743
Grants receivable	49,093			49,093
TOTAL ASSETS	<u><u>\$8,757,664</u></u>	<u><u>\$549,657</u></u>	<u><u>\$33,426</u></u>	<u><u>\$9,340,747</u></u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$232,534			\$232,534
Accrued salaries and payroll taxes	64,295			64,295
Interfund loan payable		\$4,674		4,674
Due to other governments	229,603			229,603
Deferred revenues:				
Property taxes	46,521	68,118		114,639
Assessment liens, interest, and miscellaneous	48,489	223,929	\$197	272,615
Deposits and retainages payable	74,848			74,848
Total liabilities	<u>696,290</u>	<u>296,721</u>	<u>197</u>	<u>993,208</u>
Fund balances:				
Unreserved, designated for equipment replacement	170,450			170,450
Unreserved, undesignated	7,890,924	252,936	33,229	8,177,089
Total fund balances	<u>8,061,374</u>	<u>252,936</u>	<u>33,229</u>	<u>8,347,539</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$8,757,664</u></u>	<u><u>\$549,657</u></u>	<u><u>\$33,426</u></u>	<u><u>\$9,340,747</u></u>

(1) In this fund category, there is only one Assessment Projects Fund.

CITY OF BEAVERTON, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2009

	State Revenue Sharing Fund	Building Operating Fund	Community Development Block Grant Fund
Assets:			
Cash and investments	\$406,000	\$1,996,043	\$78,333
Property taxes receivable			
Accrued interest receivable	2,084	12,519	553
Due from other governments	185,743		
Grants receivable			49,093
TOTAL ASSETS	<u><u>\$593,827</u></u>	<u><u>\$2,008,562</u></u>	<u><u>\$127,979</u></u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$21,140	\$5,393	\$44,393
Accrued salaries and payroll taxes		50,491	2,157
Due to other governments		229,603	
Deferred revenues:			
Property taxes			
Assessment liens, interest, and miscellaneous	2,084	12,519	553
Deposits and retainages payable		74,848	
Total liabilities	<u><u>23,224</u></u>	<u><u>372,854</u></u>	<u><u>47,103</u></u>
Fund balances:			
Unreserved, designated for equipment replacement		152,450	
Unreserved, undesignated	570,603	1,483,258	80,876
Total fund balances	<u><u>570,603</u></u>	<u><u>1,635,708</u></u>	<u><u>80,876</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$593,827</u></u>	<u><u>\$2,008,562</u></u>	<u><u>\$127,979</u></u>

Street Lighting Fund	Traffic Impact Fee Fund	Beaverton Arts Commission Fund	Total
\$641,042	\$5,156,672	\$142,671	\$8,420,761
53,578			53,578
3,693	28,924	716	48,489
			185,743
			49,093
<u>\$698,313</u>	<u>\$5,185,596</u>	<u>\$143,387</u>	<u>\$8,757,664</u>
\$135,971	\$855	\$24,782	\$232,534
5,439	\$3,238	2,970	64,295
			229,603
46,521			46,521
3,693	28,924	716	48,489
			74,848
<u>191,624</u>	<u>33,017</u>	<u>28,468</u>	<u>696,290</u>
18,000			170,450
488,689	5,152,579	114,919	7,890,924
<u>506,689</u>	<u>5,152,579</u>	<u>114,919</u>	<u>8,061,374</u>
<u>\$698,313</u>	<u>\$5,185,596</u>	<u>\$143,387</u>	<u>\$8,757,664</u>

CITY OF BEAVERTON, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2009

	General Obligation Debt Service Fund	Assessment Debt Service Fund	Total
Assets:			
Cash and investments	\$166,586	\$80,727	\$247,313
Property taxes receivable	78,415		78,415
Assessment liens receivable		211,698	211,698
Accrued interest receivable	4,293	7,938	12,231
TOTAL ASSETS	<u>\$249,294</u>	<u>\$300,363</u>	<u>\$549,657</u>
Liabilities and fund balances:			
Liabilities:			
Interfund loan payable		\$4,674	\$4,674
Deferred revenues:			
Property taxes	\$68,118		68,118
Assessment liens, interest, and miscellaneous	4,293	219,636	223,929
Total liabilities	72,411	224,310	296,721
Fund balances:			
Unreserved, undesignated	176,883	76,053	252,936
TOTAL LIABILITIES AND FUND BALANCES	<u>\$249,294</u>	<u>\$300,363</u>	<u>\$549,657</u>

CITY OF BEAVERTON, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2009

	Special Revenue Funds	Debt Service Funds	Capital Projects Fund (1)	Total
Revenues:				
Taxes	\$1,198,912	\$1,739,303		\$2,938,215
Special assessments		220,250		220,250
Intergovernmental	732,430			732,430
Federal grants	621,789			621,789
Fees, licenses, and permits	2,499,987			2,499,987
Interest on investments and assessments	178,368	28,071	\$729	207,168
Contributions, donations, and other	16,477			16,477
Lease of City property	79,200			79,200
Miscellaneous revenues and cash-in-lieu	332,585	5,506		338,091
TOTAL REVENUES	5,659,748	1,993,130	729	7,653,607
Expenditures:				
Current:				
General government	3,377,287	243,132		3,620,419
Highways and streets	1,238,508			1,238,508
Cultural	228,234			228,234
Debt service:				
Principal	28,000	1,110,000		1,138,000
Interest	35,082	614,327		649,409
TOTAL EXPENDITURES	4,907,111	1,967,459		6,874,570
EXCESS OF REVENUES OVER EXPENDITURES	752,637	25,671	729	779,037
Other financing sources (uses):				
Transfers in	189,167			189,167
Transfers out	(417,014)			(417,014)
TOTAL OTHER FINANCING SOURCES (USES)	(227,847)			(227,847)
NET CHANGE IN FUND BALANCES	524,790	25,671	729	551,190
FUND BALANCES - Beginning	7,536,584	227,265	32,500	7,796,349
FUND BALANCES - Ending	<u>\$8,061,374</u>	<u>\$252,936</u>	<u>\$33,229</u>	<u>\$8,347,539</u>

(1) In this fund category, there is only one Assessment Projects Fund.

CITY OF BEAVERTON, OREGON
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2009

	State Revenue Sharing Fund	Building Operating Fund	Community Development Block Grant Fund
Revenues:			
Taxes			
Intergovernmental	\$727,430		
Federal grants			\$621,789
Fees, licenses, and permits		\$2,022,849	
Interest on investments	7,217	46,901	2,095
Contributions, donations, and other			
Lease of City property			79,200
Miscellaneous revenues and cash-in-lieu		80,970	13,681
TOTAL REVENUES	<u>734,647</u>	<u>2,150,720</u>	<u>716,765</u>
Expenditures:			
Current:			
General government	330,269	2,365,261	681,757
Highways and streets			
Cultural			
Debt service:			
Bond principal retirement			28,000
Interest			35,082
TOTAL EXPENDITURES	<u>330,269</u>	<u>2,365,261</u>	<u>744,839</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>404,378</u>	<u>(214,541)</u>	<u>(28,074)</u>
Other financing sources (uses):			
Transfers in			
Transfers out	(343,618)		
TOTAL OTHER FINANCING SOURCES (USES)	<u>(343,618)</u>		
NET CHANGE IN FUND BALANCES	60,760	(214,541)	(28,074)
FUND BALANCES - Beginning	<u>509,843</u>	<u>1,850,249</u>	<u>108,950</u>
FUND BALANCES - End of year	<u><u>\$570,603</u></u>	<u><u>\$1,635,708</u></u>	<u><u>\$80,876</u></u>

Street Lighting Fund	Traffic Impact Fee Fund	Beaverton Arts Commission Fund	Total
\$1,198,912			\$1,198,912
		\$5,000	732,430
			621,789
	\$473,433	3,705	2,499,987
13,932	105,574	2,649	178,368
		16,477	16,477
			79,200
7,003	222,973	7,958	332,585
<u>1,219,847</u>	<u>801,980</u>	<u>35,789</u>	<u>5,659,748</u>
			3,377,287
1,084,535	153,973		1,238,508
		228,234	228,234
			28,000
			35,082
<u>1,084,535</u>	<u>153,973</u>	<u>228,234</u>	<u>4,907,111</u>
<u>135,312</u>	<u>648,007</u>	<u>(192,445)</u>	<u>752,637</u>
		189,167	189,167
	<u>(73,396)</u>		<u>(417,014)</u>
	<u>(73,396)</u>	<u>189,167</u>	<u>(227,847)</u>
135,312	574,611	(3,278)	524,790
371,377	4,577,968	118,197	7,536,584
<u>\$506,689</u>	<u>\$5,152,579</u>	<u>\$114,919</u>	<u>\$8,061,374</u>

CITY OF BEAVERTON, OREGON
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2009

	General Obligation Debt Service Fund	Assessment Debt Service Fund	Total
Revenues:			
Taxes	\$1,739,303		\$1,739,303
Special assessments		\$220,250	220,250
Interest on investments and assessments	16,457	11,614	28,071
Miscellaneous revenues and cash-in-lieu	5,506		5,506
TOTAL REVENUES	<u>1,761,266</u>	<u>231,864</u>	<u>1,993,130</u>
Expenditures:			
Current:			
General government	900	242,232	243,132
Debt service:			
Principal	1,110,000		1,110,000
Interest	613,882	445	614,327
TOTAL EXPENDITURES	<u>1,724,782</u>	<u>242,677</u>	<u>1,967,459</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 <u>36,484</u>	 <u>(10,813)</u>	 <u>25,671</u>
 NET CHANGE IN FUND BALANCES	 36,484	 (10,813)	 25,671
 FUND BALANCES - Beginning of year	 <u>140,399</u>	 <u>86,866</u>	 <u>227,265</u>
FUND BALANCES - End of year	<u>\$176,883</u>	<u>\$76,053</u>	<u>\$252,936</u>

CITY OF BEAVERTON, OREGON
GENERAL FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Expenditures and Transfers:				
City Council:				
Personal services	\$79,608	\$79,608	\$79,552	\$56
Materials and services	89,250	95,050	57,337	37,713
Transfers	16,891	16,891	14,424	2,467
	<u>185,749</u>	<u>191,549</u>	<u>151,313</u>	<u>40,236</u>
Mayor's Office:				
Personal services	2,803,151	2,876,733	2,701,419	175,314
Materials and services	1,363,848	1,465,218	885,430	579,788
Capital outlay		38,014	21,004	17,010
Transfers	411,805	451,105	445,312	5,793
	<u>4,578,804</u>	<u>4,831,070</u>	<u>4,053,165</u>	<u>777,905</u>
Department of General Services:				
Personal services	600,526	606,974	543,486	63,488
Materials and services	143,388	150,790	81,320	69,470
Capital Outlay	6,000	6,000		6,000
Transfers	9,029	15,029	14,144	885
	<u>758,943</u>	<u>778,793</u>	<u>638,950</u>	<u>139,843</u>
Non-Departmental:				
Personal services	37,194	37,194	37,054	140
Materials and services	1,530,309	1,716,761	1,415,725	301,036
Capital outlay	708,000	1,414,691	92,688	1,322,003
Debt service	523,454	524,790	524,790	
Transfers	2,675,825	2,675,825	2,193,115	482,710
Contingency	11,099,217	12,141,471		12,141,471
	<u>16,573,999</u>	<u>18,510,732</u>	<u>4,263,372</u>	<u>14,247,360</u>
Department of Human Resources:				
Personal services	751,058	758,519	728,248	30,271
Materials and services	317,855	300,655	211,593	89,062
Transfers	33,626	33,626	25,805	7,821
	<u>1,102,539</u>	<u>1,092,800</u>	<u>965,646</u>	<u>127,154</u>
Finance Department:				
Personal services	1,397,525	1,397,525	1,323,533	73,992
Materials and services	87,925	102,840	97,583	5,257
Transfers	61,666	61,666	51,416	10,250
	<u>1,547,116</u>	<u>1,562,031</u>	<u>1,472,532</u>	<u>89,499</u>
Municipal Court Department:				
Personal services	901,730	1,032,114	977,528	54,586
Materials and services	663,078	674,545	542,626	131,919
Transfers	22,569	22,569	22,486	83
	<u>1,587,377</u>	<u>1,729,228</u>	<u>1,542,640</u>	<u>186,588</u>
City Attorney:				
Personal services	972,309	972,309	954,711	17,598
Materials and services	36,370	36,370	22,333	14,037
Transfers	11,675	11,675	7,827	3,848
	<u>1,020,354</u>	<u>1,020,354</u>	<u>984,871</u>	<u>35,483</u>

CITY OF BEAVERTON, OREGON
GENERAL FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL, Continued
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Expenditures and Transfers :				
Police Department:				
Personal services	\$18,242,979	\$18,481,997	\$18,087,355	\$394,642
Materials and services	2,431,158	2,542,147	2,219,649	322,498
Capital outlay	200,500	197,500	194,614	2,886
Transfers	1,142,649	1,140,649	1,084,951	55,698
Contingency	199,600	199,600		199,600
	<u>22,216,886</u>	<u>22,561,893</u>	<u>21,586,569</u>	<u>975,324</u>
Community Development Department:				
Personal services	2,304,617	2,301,397	1,738,947	562,450
Materials and services	245,411	288,386	183,888	104,498
Transfers	86,366	86,366	77,224	9,142
	<u>2,636,394</u>	<u>2,676,149</u>	<u>2,000,059</u>	<u>676,090</u>
Public Works - Engineering Department:				
Personal services	2,157,240	2,166,315	1,843,497	322,818
Materials and services	167,229	191,628	97,993	93,635
Capital outlay	17,500	17,500	17,234	266
Transfers	227,682	227,682	203,513	24,169
Contingency	76,500	76,500		76,500
	<u>2,646,151</u>	<u>2,679,625</u>	<u>2,162,237</u>	<u>517,388</u>
Public Works - Operations Department:				
Personal services	1,194,699	1,213,859	1,192,219	21,640
Materials and services	519,396	698,770	455,514	243,256
Capital outlay	85,600	87,872	86,279	1,593
Transfers	202,768	202,768	196,124	6,644
Contingency	362,500	362,500		362,500
	<u>2,364,963</u>	<u>2,565,769</u>	<u>1,930,136</u>	<u>635,633</u>
TOTAL EXPENDITURES AND				
TRANSFERS	<u>\$57,219,275</u>	<u>\$60,199,993</u>	<u>\$41,751,490</u>	<u>\$18,448,503</u>

The summary of appropriated General Fund expenditures and transfers by category is as follows:

Personal services	\$31,442,636	\$31,924,544	\$30,207,549	\$1,716,995
Materials and services	7,595,217	8,263,160	6,270,991	1,992,169
Capital outlay	1,017,600	1,761,577	411,819	1,349,758
Debt service	523,454	524,790	524,790	
Transfers	4,902,551	4,945,851	4,336,341	609,510
Contingency	11,737,817	12,780,071		12,780,071
	<u>\$57,219,275</u>	<u>\$60,199,993</u>	<u>\$41,751,490</u>	<u>\$18,448,503</u>

CITY OF BEAVERTON, OREGON
STATE REVENUE SHARING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
State revenue sharing entitlements	\$718,083	\$718,083	\$727,430	\$9,347
Interest on investments	4,500	4,500	7,217	2,717
TOTAL REVENUES	<u>722,583</u>	<u>722,583</u>	<u>734,647</u>	<u>12,064</u>
Expenditures:				
Materials and services	349,913	356,863	330,269	26,594
Contingency	501,937	502,755		502,755
TOTAL EXPENDITURES	<u>851,850</u>	<u>859,618</u>	<u>330,269</u>	<u>529,349</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(129,267)	(137,035)	404,378	541,413
Other financing uses:				
Transfers out	<u>(372,808)</u>	<u>(372,808)</u>	<u>(343,618)</u>	<u>29,190</u>
NET CHANGE IN FUND BALANCE	(502,075)	(509,843)	60,760	570,603
FUND BALANCES - budgetary basis, Beginning of year	<u>502,075</u>	<u>509,843</u>	<u>509,843</u>	
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$570,603</u>	<u>\$570,603</u>

Note: There is no difference between budgetary revenues and expenditures and GAAP revenues and expenditures.

CITY OF BEAVERTON, OREGON
BUILDING OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Building fees and permits	\$1,075,000	\$1,075,000	\$839,173	(\$235,827)
Plan checks:				
Commercial	345,000	345,000	479,642	134,642
Residential	130,000	130,000	21,067	(108,933)
Safety plan checks - fire	200,000	200,000	243,052	43,052
Electrical inspection fees	260,000	260,000	255,994	(4,006)
Plumbing inspection fees	210,000	210,000	180,236	(29,764)
Sewer inspection fees	8,300	8,300	3,685	(4,615)
Interest on investments	45,000	45,000	46,901	1,901
Miscellaneous revenues	80,000	80,000	80,970	970
TOTAL REVENUES	<u>2,353,300</u>	<u>2,353,300</u>	<u>2,150,720</u>	<u>(202,580)</u>
Expenditures:				
Personal services	1,997,694	2,011,784	1,956,425	55,359
Materials and services	69,244	115,486	89,603	25,883
Contingency	1,378,651	1,441,020		1,441,020
TOTAL EXPENDITURES	<u>3,445,589</u>	<u>3,568,290</u>	<u>2,046,028</u>	<u>1,522,262</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,092,289)	(1,214,990)	104,692	1,319,682
Other financing uses:				
Transfers out	<u>(355,595)</u>	<u>(353,595)</u>	<u>(329,418)</u>	<u>24,177</u>
NET CHANGE IN FUND BALANCE	(1,447,884)	(1,568,585)	(224,726)	1,343,859
FUND BALANCES - budgetary basis, Beginning of year	<u>1,447,884</u>	<u>1,568,585</u>	<u>1,568,585</u>	
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$1,343,859</u>	<u>\$1,343,859</u>

**Reconciliation of net change in fund balance -
budgetary basis to GAAP basis**

Net change in fund balance - budgetary basis	(\$224,726)
Funding of compensated absences, not GAAP expense	10,185
Net change in fund balance - GAAP basis	<u>(\$214,541)</u>

CITY OF BEAVERTON, OREGON
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenue:				
Federal grants	\$788,314	\$1,171,171	\$622,472	(\$548,699)
Rental of City property	79,200	79,200	79,200	
Interest on investments	2,000	2,000	2,095	95
Miscellaneous revenues			13,681	13,681
TOTAL REVENUES	<u>869,514</u>	<u>1,252,371</u>	<u>717,448</u>	<u>(534,923)</u>
Expenditures:				
Personal services	76,991	76,991	76,225	766
Materials and services	713,497	1,132,271	595,181	537,090
Debt service	63,783	63,783	63,081	702
Contingency	108,308	76,950		76,950
TOTAL EXPENDITURES	<u>962,579</u>	<u>1,349,995</u>	<u>734,487</u>	<u>615,508</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(93,065)	(97,624)	(17,039)	80,585
Other financing uses:				
Transfers out	<u>(11,326)</u>	<u>(11,326)</u>	<u>(11,035)</u>	<u>291</u>
NET CHANGE IN FUND BALANCE	(104,391)	(108,950)	(28,074)	80,876
FUND BALANCES - budgetary basis, Beginning of year	<u>104,391</u>	<u>108,950</u>	<u>108,950</u>	
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$80,876</u>	<u>\$80,876</u>

**Reconciliation of net change in fund balance -
budgetary basis to GAAP basis**

Net change in fund balance - budgetary basis	(\$28,074)
Funding of compensated absences, not GAAP expense	683
Grant revenue accrual on compensated absences	(683)
Net change in fund balance - GAAP basis	<u>(\$28,074)</u>

CITY OF BEAVERTON, OREGON
STREET LIGHTING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Property taxes:				
Current year's levy	\$1,178,950	\$1,178,950	\$1,178,343	(\$607)
Prior years' levy	15,000	15,000	20,569	5,569
Interest on delinquent taxes	2,000	2,000	1,589	(411)
Interest on investments	10,500	10,500	13,932	3,432
Charges for services	6,000	6,000		(6,000)
Miscellaneous revenues	1,000	1,000	5,414	4,414
TOTAL REVENUES	1,213,450	1,213,450	1,219,847	6,397
Expenditures:				
Personal services	180,292	206,240	196,952	9,288
Materials and services	854,746	855,305	838,754	16,551
Capital outlay	54,400	57,743		57,743
Contingency	389,453	383,614		383,614
TOTAL EXPENDITURES	1,478,891	1,502,902	1,035,706	467,196
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(265,441)	(289,452)	184,141	473,593
Other financing uses:				
Transfers out	(52,942)	(52,942)	(51,535)	1,407
NET CHANGE IN FUND BALANCE	(318,383)	(342,394)	132,606	475,000
FUND BALANCES - budgetary basis, Beginning of year	318,383	342,394	342,394	
FUND BALANCES - budgetary basis, End of year	\$ ----	\$ ----	\$475,000	\$475,000

**Reconciliation of net change in fund balance -
budgetary basis to GAAP basis**

Net change in fund balance - budgetary basis	\$132,606
Funding of compensated absences, not GAAP expense	2,706
Net change in fund balance - GAAP basis	\$135,312

CITY OF BEAVERTON, OREGON
TRAFFIC IMPACT FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Fees, licenses, and permits	\$830,000	\$830,000	\$473,433	(\$356,567)
Interest on investments	100,000	100,000	105,574	5,574
Miscellaneous revenues			1,051	1,051
TOTAL REVENUES	930,000	930,000	580,058	(349,942)
Expenditures:				
Personal services	117,550	120,050	117,245	2,805
Materials and services	7,384	8,195	6,151	2,044
Contingency	4,088,523	4,783,103		4,783,103
TOTAL EXPENDITURES	4,213,457	4,911,348	123,396	4,787,952
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 (3,283,457)	 (3,981,348)	 456,662	 4,438,010
Other financing sources (uses):				
Transfers in		250,000	221,921	(28,079)
Transfers out	(792,257)	(830,257)	(105,352)	724,905
TOTAL OTHER FINANCING SOURCES (USES)	(792,257)	(580,257)	116,569	696,826
 NET CHANGE IN FUND BALANCE	 (4,075,714)	 (4,561,605)	 573,231	 5,134,836
 FUND BALANCES - budgetary basis, Beginning of year	 4,075,714	 4,561,605	 4,561,605	
 FUND BALANCES - budgetary basis, End of year	 \$ ----	 \$ ----	 \$5,134,836	 \$5,134,836

**Reconciliation of net change in fund balance -
budgetary basis to GAAP basis**

Net change in fund balance - budgetary basis	\$573,231
Funding of compensated absences, not GAAP expense	1,380
Net change in fund balance - GAAP basis	<u>\$574,611</u>

CITY OF BEAVERTON, OREGON
BEAVERTON ARTS COMMISSION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Grants:				
State	\$4,000	\$4,000	\$5,000	\$1,000
Private	7,000	7,000	4,928	(2,072)
Fees, licenses, and permits	4,000	4,000	3,705	(295)
Contributions, donations, and others	8,000	8,000	11,549	3,549
Interest on investments	2,250	2,250	2,649	399
Miscellaneous revenues	8,000	8,000	7,958	(42)
TOTAL REVENUES	33,250	33,250	35,789	2,539
Expenditures:				
Personal services	121,427	122,427	120,206	2,221
Materials and services	130,970	137,370	103,264	34,106
Contingency	84,592	84,076		84,076
TOTAL EXPENDITURES	336,989	343,873	223,470	120,403
DEFICIENCY OF REVENUES				
UNDER EXPENDITURES	(303,739)	(310,623)	(187,681)	122,942
Other financing sources (uses):				
Transfers in	214,408	214,408	189,167	(25,241)
Transfers out	(8,725)	(8,725)	(6,391)	2,334
TOTAL OTHER FINANCING				
SOURCES (USES)	205,683	205,683	182,776	(22,907)
NET CHANGE IN FUND BALANCE	(98,056)	(104,940)	(4,905)	100,035
FUND BALANCES - budgetary				
basis, Beginning of year	98,056	104,940	104,940	
FUND BALANCES - budgetary				
basis, End of year	\$ ----	\$ ----	\$100,035	\$100,035
Reconciliation of net change in fund balance -				
 budgetary basis to GAAP basis				
Net change in fund balance - budgetary basis			(\$4,905)	
Funding of compensated absences, not GAAP expense			1,627	
Net change in fund balance - GAAP basis			(\$3,278)	

CITY OF BEAVERTON, OREGON
GENERAL OBLIGATION DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Property taxes:				
Current year's levy	\$1,710,000	\$1,710,000	\$1,709,119	(\$881)
Prior years' levy	31,000	31,000	30,184	(816)
Interest on investments	13,500	13,500	16,457	2,957
Miscellaneous revenues	5,400	5,400	5,506	106
TOTAL REVENUES	<u>1,759,900</u>	<u>1,759,900</u>	<u>1,761,266</u>	<u>1,366</u>
Expenditures:				
Debt service:				
Principal	1,110,000	1,110,000	1,110,000	
Interest	613,882	613,882	613,882	
Fees	2,000	2,000	900	1,100
Contingency	150,596	174,417		174,417
TOTAL EXPENDITURES	<u>1,876,478</u>	<u>1,900,299</u>	<u>1,724,782</u>	<u>175,517</u>
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(116,578)	(140,399)	36,484	176,883
FUND BALANCES - budgetary				
basis, Beginning of year	<u>116,578</u>	<u>140,399</u>	<u>140,399</u>	
FUND BALANCES - budgetary				
basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$176,883</u>	<u>\$176,883</u>

Note: There is no difference between budgetary revenues and expenditures and GAAP revenues and expenditures.

CITY OF BEAVERTON, OREGON
ASSESSMENT DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Bonded assessments	\$5,500	\$156,500	\$82,250	(\$74,250)
Unbonded assessments		90,000	138,000	48,000
Interest collected on assessments	2,000	12,800	9,076	(3,724)
Interest on investments	2,140	2,140	2,538	398
TOTAL REVENUES	9,640	261,440	231,864	(29,576)
Expenditures:				
Debt service:				
Principal	5,000	6,800	5,483	1,317
Interest	1,080	1,080	445	635
Contingency	82,016	79,706		79,706
TOTAL EXPENDITURES	88,096	87,586	5,928	81,658
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(78,456)	173,854	225,936	52,082
Other financing uses:				
Transfers out	(20,877)	(270,877)	(242,232)	28,645
NET CHANGE IN FUND BALANCE	(99,333)	(97,023)	(16,296)	80,727
FUND BALANCES - budgetary basis, Beginning of year	99,333	97,023	97,023	
FUND BALANCES - budgetary basis, End of year	\$ ----	\$ ----	\$80,727	\$80,727
Reconciliation of net change in fund balance - budgetary basis to GAAP basis				
Net change in fund balance - budgetary basis			(\$16,296)	
Payment on interfund loan payable, reclassified as balance sheet transaction on GAAP basis			5,483	
Net change in fund balance - GAAP basis			(\$10,813)	

CITY OF BEAVERTON, OREGON
ASSESSMENT PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Interest on investments	\$750	\$750	\$729	(\$21)
Expenditures:				
Contingency	34,516	33,250		33,250
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(33,766)	(32,500)	729	33,229
FUND BALANCES - budgetary basis, Beginning of year	33,766	32,500	32,500	
FUND BALANCES - budgetary basis, End of year	\$ ----	\$ ----	\$33,229	\$33,229

Note: There is no difference between budgetary revenues and expenditures and GAAP revenues and expenditures.

CITY OF BEAVERTON, OREGON
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$2,191,143	\$2,191,143		(\$2,191,143)
Interest on investments	6,000	6,000	\$14,522	8,522
Miscellaneous revenues	40,000	40,000	40,000	
TOTAL REVENUES	<u>2,237,143</u>	<u>2,237,143</u>	<u>54,522</u>	<u>(2,182,621)</u>
Expenditures:				
Capital outlay	4,041,238	4,145,921	264,495	3,881,426
Contingency	62,666	64,249		64,249
TOTAL EXPENDITURES	<u>4,103,904</u>	<u>4,210,170</u>	<u>264,495</u>	<u>3,945,675</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,866,761)	(1,973,027)	(209,973)	1,763,054
Other financing sources:				
Transfers in	1,489,000	1,527,000	165,632	(1,361,368)
NET CHANGE IN FUND BALANCE	<u>(377,761)</u>	<u>(446,027)</u>	<u>(44,341)</u>	<u>401,686</u>
FUND BALANCES - budgetary basis, Beginning of year	<u>377,761</u>	<u>446,027</u>	<u>446,027</u>	
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$401,686</u>	<u>\$401,686</u>

Note: There is no difference between budgetary revenues and expenditures and GAAP revenues and expenditures.

COMBINING STATEMENTS INTERNAL SERVICE FUNDS

These funds are used to account for services provided by the City of Beaverton for other units within the City. Included are:

Reprographics Fund - accounts for the reprographics services.

Garage Fund - accounts for the vehicle and equipment repair services.

Information Systems Fund - accounts for the data processing services.

Geographic Information Systems Fund - accounts for the mapping and technical services.

Public Works Administration Fund - accounts for the activities of the Public Works Department.

Insurance Fund - accounts for the insurance activities.

CITY OF BEAVERTON, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2009

	Repro- graphics Fund	Garage Fund	Information Systems Fund
Assets:			
Current assets:			
Cash and investments	\$184,019	\$247,551	\$537,933
Accounts receivable, net			
Accrued interest receivable	927	1,297	3,790
Inventory of materials and supplies	20,287	49,712	
Total current assets	205,233	298,560	541,723
Other assets			
Capital assets, net	7,804	19,367	266,907
TOTAL ASSETS	213,037	317,927	808,630
Liabilities:			
Current liabilities:			
Accounts payable	26,184	65,278	41,583
Accrued salaries and payroll taxes	23,426	33,287	118,362
Other accrued liabilities			
TOTAL LIABILITIES	49,610	98,565	159,945
Net Assets:			
Invested in capital assets	7,804	19,367	266,907
Unrestricted	155,623	199,995	381,778
TOTAL NET ASSETS	\$163,427	\$219,362	\$648,685

Geographic Information Systems Fund	Public Works Administration Fund	Insurance Fund	Total
\$507,111	\$185,299	\$3,792,150	\$5,454,063
2,860	1,251	7,030	7,030
		17,109	27,234
			69,999
509,971	186,550	3,816,289	5,558,326
		79,400	79,400
	351,440		645,518
509,971	537,990	3,895,689	6,283,244
6,822	14,707	54,065	208,639
22,975	50,983	23,605	272,638
		505,334	505,334
29,797	65,690	583,004	986,611
	351,440		645,518
480,174	120,860	3,312,685	4,651,115
\$480,174	\$472,300	\$3,312,685	\$5,296,633

CITY OF BEAVERTON, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
For the Fiscal Year Ended June 30, 2009

	Repro- graphics Fund	Garage Fund	Information Systems Fund
Operating revenues:			
Charges for services:			
Outside charges			\$52
Internal charges	\$929,737	\$1,317,911	2,078,360
Miscellaneous revenues	11,041	7,421	83,083
TOTAL OPERATING REVENUES	<u>940,778</u>	<u>1,325,332</u>	<u>2,161,495</u>
Operating expenses:			
Personal services	241,679	521,064	1,513,662
Supplies, repairs, and services	695,845	771,850	704,822
Insurance claims			
Contract charges			
Depreciation	7,788	4,650	77,287
TOTAL OPERATING EXPENSES	<u>945,312</u>	<u>1,297,564</u>	<u>2,295,771</u>
OPERATING INCOME (LOSS)	<u>(4,534)</u>	<u>27,768</u>	<u>(134,276)</u>
Nonoperating revenues:			
Gain on sale of capital assets		17,798	
Interest on investments	3,201	5,090	14,870
TOTAL NONOPERATING REVENUES	<u>3,201</u>	<u>22,888</u>	<u>14,870</u>
CHANGE IN NET ASSETS	<u>(1,333)</u>	<u>50,656</u>	<u>(119,406)</u>
NET ASSETS - BEGINNING	<u>164,760</u>	<u>168,706</u>	<u>768,091</u>
NET ASSETS - ENDING	<u><u>\$163,427</u></u>	<u><u>\$219,362</u></u>	<u><u>\$648,685</u></u>

Geographic Information Systems Fund	Public Works Administration Fund	Insurance Fund	Total
\$542,346	\$764,995	\$8,212,287	\$52
5,879	20,943	315,121	13,845,636
548,225	785,938	8,527,408	443,488
371,828	432,712	211,734	3,292,679
123,219	392,684	179,010	2,867,430
		7,183,719	7,183,719
		555,779	555,779
3,255	8,496		101,476
498,302	833,892	8,130,242	14,001,083
49,923	(47,954)	397,166	288,093
11,219	4,907	67,124	17,798
11,219	4,907	67,124	106,411
61,142	(43,047)	464,290	124,209
419,032	515,347	2,848,395	412,302
\$480,174	\$472,300	\$3,312,685	4,884,331
			\$5,296,633

CITY OF BEAVERTON, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2009

	Repro- graphics Fund	Garage Fund	Information Systems Fund
Cash flows from operating activities:			
Cash receipts from customers and miscellaneous revenues	\$11,041	\$7,421	\$79,244
Cash receipts from interfund services provided to other funds	929,737	1,317,911	2,078,360
Cash payments to suppliers	(682,312)	(688,943)	(720,540)
Cash payments to employees	(242,269)	(514,335)	(1,489,789)
Cash payments for interfund services used	(19,503)	(99,245)	(8,364)
 NET CASH FROM OPERATING ACTIVITIES	 (3,306)	 22,809	 (61,089)
Cash flows from capital and related financing activities:			
Acquisition of capital assets		(9,430)	(198,245)
Proceeds from sale of capital assets		17,798	
 NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES		 8,368	 (198,245)
Cash flows from investing activities:			
Interest received	2,938	4,403	15,319
 NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	 (368)	 35,580	 (244,015)
CASH AND INVESTMENTS - Beginning of year	184,387	211,971	781,948
CASH AND INVESTMENTS - End of year	<u>\$184,019</u>	<u>\$247,551</u>	<u>\$537,933</u>
Reconciliation of operating income (loss) to net cash from operating activities:			
Operating income (loss)	(4,534)	\$27,768	(\$134,276)
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation	7,788	4,650	77,287
Change in assets and liabilities:			
Accounts receivable			
Deposits/prepays			
Inventory of materials and supplies		(15,661)	
Accounts payable	(5,970)	(677)	(24,082)
Accrued salaries and payroll taxes	(590)	6,729	23,873
Other accrued liabilities			(3,891)
 TOTAL ADJUSTMENTS	 1,228	 (4,959)	 73,187
 NET CASH FROM OPERATING ACTIVITIES	 (3,306)	 \$22,809	 (61,089)

Geographic Information Systems Fund	Public Works Administration Fund	Insurance Fund	Total
\$5,879	\$20,943	\$324,612	\$449,140
542,346	764,995	8,212,287	13,845,636
(72,667)	(283,044)	(7,772,425)	(10,219,931)
(367,268)	(428,511)	(209,883)	(3,252,055)
(51,780)	(133,570)	(58,268)	(370,730)
56,510	(59,187)	496,323	452,060
			(207,675)
			17,798
			(189,877)
10,406	4,690	61,402	99,158
66,916	(54,497)	557,725	361,341
440,195	239,796	3,234,425	5,092,722
<u>\$507,111</u>	<u>\$185,299</u>	<u>\$3,792,150</u>	<u>\$5,454,063</u>
\$49,923	(\$47,954)	\$397,166	\$288,093
3,255	8,496		101,476
		9,491	9,491
		88,506	88,506
			(15,661)
(1,228)	(23,930)	(691)	(56,578)
4,560	4,201	1,851	40,624
			(3,891)
6,587	(11,233)	99,157	163,967
<u>\$56,510</u>	<u>(\$59,187)</u>	<u>\$496,323</u>	<u>\$452,060</u>

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
PROPRIETARY FUNDS**

ENTERPRISE FUNDS

These funds are used to finance and account for the acquisition, operation and maintenance of water, sewer and storm drain facilities which are supported by user charges.

- *Water Operating Fund*
- *Water Debt Service Fund*
- *Water Construction Fund*
- *Sewer Fund*
- *Storm Drain Fund*

INTERNAL SERVICE FUNDS

These funds are used to account for services provided by the City of Beaverton to various departments within the city.

- *Reprographics Fund*
- *Garage Fund*
- *Information Systems Fund*
- *Geographic Information Systems Fund*
- *Public Works Administration Fund*
- *Insurance Fund*

CITY OF BEAVERTON, OREGON
WATER OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Service charges and other fees:				
Water sales	\$6,860,000	\$6,860,000	\$6,718,232	(\$141,768)
Demand charges	1,950,000	1,950,000	1,928,578	(21,422)
Customer service fees	30,000	30,000	36,925	6,925
Unmetered water sales	5,000	5,000	4,030	(970)
New meter installation	30,000	30,000	12,423	(17,577)
Sales discounts and allowances	(56,375)	(56,375)	(54,889)	1,486
Interest on investments	141,750	141,750	169,551	27,801
Intergovernmental	125,000	125,000	107,725	(17,275)
State Grants		22,500	2,946	(19,554)
Miscellaneous revenues	51,000	51,000	109,784	58,784
TOTAL REVENUES	9,136,375	9,158,875	9,035,305	(123,570)
Expenditures:				
Personal services	1,568,393	1,583,840	1,493,849	89,991
Materials and services	2,942,807	3,019,578	2,904,129	115,449
Capital outlay	2,113,850	2,146,478	1,381,967	764,511
Contingency	4,007,397	5,104,198		5,104,198
TOTAL EXPENDITURES	10,632,447	11,854,094	5,779,945	6,074,149
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(1,496,072)	(2,695,219)	3,255,360	5,950,579
Other financing uses:				
Transfers out	(3,797,484)	(3,784,484)	(3,757,922)	26,562
NET CHANGE IN FUND BALANCE	(5,293,556)	(6,479,703)	(502,562)	5,977,141
FUND BALANCES - budgetary				
basis, Beginning of year	5,293,556	6,479,703	6,479,703	
FUND BALANCES - budgetary				
basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$5,977,141</u>	<u>\$5,977,141</u>

Reconciliation of net change in fund balance - budgetary basis
to net change in net assets - GAAP basis

Net change in fund balance - budgetary basis	(\$502,562)
Depreciation, GAAP expense	(556,463)
Loss on equity in joint ventures	(218,587)
Payroll taxes accrual on compensated absences, GAAP expense	902
Allowance for doubtful accounts	4,162
Inventory adjustment	28,956
Capital asset additions	1,086,720
Liability accrual on postemployment benefits other than pensions	(41,174)
Investment in Joint Venture additions	295,247
Net change in net assets - GAAP basis	<u>\$97,201</u>

CITY OF BEAVERTON, OREGON
WATER DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Interest on investments	\$1,200	\$1,200	\$2,470	\$1,270
TOTAL REVENUES	1,200	1,200	2,470	1,270
Expenditures:				
Debt service:				
Bonds payable principal	1,845,000	1,845,000	1,845,000	
Bonds payable interest	887,662	887,662	887,662	
Debt service fees	5,000	5,000	2,500	2,500
Contracts payable principal	28,268	28,268	28,268	
Contracts payable interest	36,842	36,842	36,842	
Contingency	129,862	126,141		126,141
TOTAL EXPENDITURES	2,932,634	2,928,913	2,800,272	128,641
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,931,434)	(2,927,713)	(2,797,802)	129,911
Other financing sources:				
Transfers in	2,802,773	2,802,773	2,797,772	(5,001)
NET CHANGE IN FUND BALANCE	(128,661)	(124,940)	(30)	124,910
FUND BALANCES - budgetary basis, Beginning of year	128,661	124,940	124,940	
FUND BALANCES - budgetary basis, End of year	\$ ----	\$ ----	\$124,910	\$124,910

**Reconciliation of net change in fund balance - budgetary basis
to net change in net assets - GAAP basis**

Net change in fund balance - budgetary basis	(\$30)
Amortization of intangible assets, GAAP expense	(21,341)
Interest expense accrual, GAAP expense	(97,678)
Amortization of deferred debt issuance and underwriters discount, GAAP expense	(39,931)
Principal payments, not GAAP expense	1,873,268
Net change in net assets - GAAP basis	\$1,714,288

CITY OF BEAVERTON, OREGON
WATER CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
System development charges	\$775,000	\$775,000	\$202,896	(\$572,104)
Interest on investments	45,000	45,000	148,876	103,876
TOTAL REVENUES	820,000	820,000	351,772	(468,228)
Expenditures:				
Capital outlay	3,929,279	4,015,224	2,286,205	1,729,019
Contingency	2,424,766	3,713,941		3,713,941
TOTAL EXPENDITURES	6,354,045	7,729,165	2,286,205	5,442,960
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(5,534,045)	(6,909,165)	(1,934,433)	4,974,732
Other financing sources:				
Transfers in	67,400	67,400	64,105	(3,295)
NET CHANGE IN FUND BALANCE	(5,466,645)	(6,841,765)	(1,870,328)	4,971,437
FUND BALANCES - budgetary basis, Beginning of year	5,466,645	6,841,765	6,841,765	
FUND BALANCES - budgetary basis, End of year	\$ ----	\$ ----	\$4,971,437	\$4,971,437

**Reconciliation of net change in fund balance - budgetary basis
to net change in net assets - GAAP basis**

Net change in fund balance - budgetary basis	(\$1,870,328)
Depreciation, GAAP expense	(931,104)
Infrastructure contributed by other agencies	86,900
Loss on equity in joint ventures	(478,929)
Infrastructure contributed by developers	322,813
Investment in joint venture additions	453,693
Capital asset additions	1,832,512
Net change in net assets - GAAP basis	(\$584,443)

CITY OF BEAVERTON, OREGON
RECONCILIATION OF WATER FUNDS
NET CHANGE IN FUND BALANCE - BUDGETARY BASIS TO
CHANGE IN NET ASSETS - GAAP BASIS
For the Fiscal Year Ended June 30, 2009

	Water Operating Fund	Water Debt Service Fund	Water Construction Fund	Total
Net change in fund balance - budgetary basis	(\$502,562)	(\$30)	(\$1,870,328)	(\$2,372,920)
Inventory adjustment	28,956			28,956
Depreciation, GAAP expense	(556,463)		(931,104)	(1,487,567)
Loss on equity in joint ventures	(218,587)		(478,929)	(697,516)
Allowance for doubtful accounts, GAAP expense	4,162			4,162
Capital asset additions	1,086,720		1,832,512	2,919,232
Investment in joint venture additions	295,247		453,693	748,940
Infrastructure contributed by developers			322,813	322,813
Infrastructure contributed by other agencies			86,900	86,900
Liability accrual on postemployment benefits other than pensions	(41,174)			(41,174)
Amortization expense, intangible asset, GAAP expense		(21,341)		(21,341)
Amortization of deferred debt issuance and underwriters discount, GAAP expense		(39,931)		(39,931)
Interest expense accrual, GAAP expense		(97,678)		(97,678)
Payroll taxes accrual on compensated absences, GAAP expense	902			902
Principal payments, not GAAP expense	<u> </u>	<u>1,873,268</u>	<u> </u>	<u>1,873,268</u>
Change in net assets - GAAP basis	<u>\$97,201</u>	<u>\$1,714,288</u>	<u>(\$584,443)</u>	<u>\$1,227,046</u>

CITY OF BEAVERTON, OREGON
SEWER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Service charges and fees:				
Sewer service	\$2,688,000	\$2,688,000	\$2,822,757	\$134,757
Connection fees	265,000	265,000	356,628	91,628
Utility surcharge	1,126,150	1,126,150	1,135,493	9,343
Sales discounts and allowances	(36,000)	(36,000)	(37,027)	(1,027)
Interest on investments	146,250	146,250	236,729	90,479
Intergovernmental	1,247,875	1,247,875	805,327	(442,548)
Grants - Federal			4,353	4,353
Miscellaneous revenues	85,000	85,000	338,596	253,596
TOTAL REVENUES	5,522,275	5,522,275	5,662,856	140,581
Expenditures:				
Personal services	1,349,947	1,349,947	1,183,505	166,442
Materials and services	1,173,024	1,183,036	1,061,241	121,795
Capital outlay	5,275,150	5,450,778	2,701,230	2,749,548
Contingency	5,260,953	6,228,438		6,228,438
TOTAL EXPENDITURES	13,059,074	14,212,199	4,945,976	9,266,223
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,536,799)	(8,689,924)	716,880	9,406,804
Other financing uses:				
Transfers out	(636,382)	(629,382)	(611,903)	17,479
NET CHANGE IN FUND BALANCE	(8,173,181)	(9,319,306)	104,977	9,424,283
FUND BALANCES - budgetary basis, Beginning of year	8,173,181	9,319,306	9,319,306	
FUND BALANCES - budgetary basis, End of year	\$ ---	\$ ---	\$9,424,283	\$9,424,283

**Reconciliation of net change in fund balance - budgetary basis
to net change in net assets - GAAP basis**

Net change in fund balance - budgetary basis	\$104,977
Depreciation, GAAP expense	(955,452)
Allowance for doubtful accounts	7,246
Infrastructure contributed by developers	407,911
Infrastructure contributed by other agencies	75,900
Inventory adjustment	(852)
Capital asset additions	2,701,230
Liability accrual on postemployment benefits other than pensions	(34,591)
Payroll taxes accrual on compensated absences, GAAP expense	(3,547)
Net change in net assets - GAAP basis	<u>\$2,302,822</u>

CITY OF BEAVERTON, OREGON
STORM DRAIN FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Service charges and fees:				
Customer service charges	\$1,951,320	\$1,951,320	\$1,922,160	(\$29,160)
Storm drainage \$2 service charges	1,310,470	1,310,470	1,283,828	(26,642)
Erosion control fees	105,000	105,000	80,296	(24,704)
Storm water detention quantity	35,000	35,000	33,659	(1,341)
Storm water detention quality	25,000	25,000	18,471	(6,529)
Storm water conveyance fees	410,000	410,000	445,033	35,033
Sales discounts and allowances	(4,000)	(4,000)	(8,450)	(4,450)
Intergovernmental	675,000	675,000	456,000	(219,000)
Grants - Federal			19,517	19,517
Interest on investments	67,500	67,500	173,458	105,958
Miscellaneous revenues	50,000	50,000	272,283	222,283
TOTAL REVENUES	<u>4,625,290</u>	<u>4,625,290</u>	<u>4,696,255</u>	<u>70,965</u>
Expenditures:				
Personal services	1,564,188	1,567,176	1,372,719	194,457
Materials and services	525,921	674,685	463,184	211,501
Capital outlay	3,978,440	3,964,180	1,469,871	2,494,309
Contingency	4,198,905	5,080,817		5,080,817
TOTAL EXPENDITURES	<u>10,267,454</u>	<u>11,286,858</u>	<u>3,305,774</u>	<u>7,981,084</u>
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(5,642,164)	(6,661,568)	1,390,481	8,052,049
Other financing uses:				
Transfers out	(680,838)	(673,838)	(643,127)	30,711
NET CHANGE IN FUND BALANCE	(6,323,002)	(7,335,406)	747,354	8,082,760
FUND BALANCES - budgetary				
basis, Beginning of year	<u>6,323,002</u>	<u>7,335,406</u>	<u>7,335,406</u>	
FUND BALANCES - budgetary				
basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$8,082,760</u>	<u>\$8,082,760</u>

**Reconciliation of net change in fund balance - budgetary basis
to net change in net assets - GAAP basis**

Net change in fund balance - budgetary basis	\$747,354
Depreciation, GAAP expense	(956,378)
Payroll taxes accrual on compensated absences, GAAP expense	(4,591)
Land and Infrastructure contributed by developers	828,444
Infrastructure contributed by other agencies	1,717,909
Inventory adjustment	4,417
Allowance for doubtful accounts	1,524
Liability accrual on postemployment benefits other than pensions	(43,190)
Capital asset additions	1,469,871
Net change in net assets - GAAP basis	<u>\$3,765,360</u>

CITY OF BEAVERTON, OREGON
REPROGRAPHICS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Interest on investments	\$1,125	\$1,125	\$3,201	\$2,076
Miscellaneous revenues	2,000	2,000	11,041	9,041
TOTAL REVENUES	3,125	3,125	14,242	11,117
Expenditures:				
Personal services	263,217	263,217	241,679	21,538
Materials and services	794,540	826,794	676,342	150,452
Contingency	37,793	27,126		27,126
TOTAL EXPENDITURES	1,095,550	1,117,137	918,021	199,116
DEFICIENCY OF REVENUES				
UNDER EXPENDITURES	(1,092,425)	(1,114,012)	(903,779)	210,233
Other financing sources (uses):				
Transfers in	1,011,617	1,025,917	929,737	(96,180)
Transfers out	(20,185)	(20,185)	(19,503)	682
TOTAL OTHER FINANCING				
SOURCES (USES)	991,432	1,005,732	910,234	(95,498)
NET CHANGE IN FUND BALANCE	(100,993)	(108,280)	6,455	114,735
FUND BALANCES - budgetary				
basis, Beginning of year	100,993	108,280	108,280	
FUND BALANCES - budgetary				
basis, End of year	\$ ----	\$ ----	\$114,735	\$114,735

Reconciliation of net change in fund balance - budgetary basis
to net change in net assets - GAAP basis

Net change in fund balance - budgetary basis	\$6,455
Depreciation, GAAP expense	(7,788)
Net change in net assets - GAAP basis	\$ (1,333)

CITY OF BEAVERTON, OREGON
GARAGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Interest on investments	\$1,350	\$1,350	\$5,090	\$3,740
Sale of city property			17,798	17,798
Miscellaneous revenues			7,421	7,421
TOTAL REVENUES	1,350	1,350	30,309	28,959
Expenditures:				
Personal services	528,343	530,843	521,064	9,779
Materials and services	785,300	785,300	688,266	97,034
Capital outlay	9,500	9,500	9,430	70
Contingency	82,525	78,294		78,294
TOTAL EXPENDITURES	1,405,668	1,403,937	1,218,760	185,177
DEFICIENCY OF REVENUES				
UNDER EXPENDITURES	(1,404,318)	(1,402,587)	(1,188,451)	214,136
Other financing sources (uses):				
Transfers in	1,421,825	1,421,825	1,317,911	(103,914)
Transfers out	(102,638)	(102,638)	(99,245)	3,393
TOTAL OTHER FINANCING				
SOURCES (USES)	1,319,187	1,319,187	1,218,666	(100,521)
NET CHANGE IN FUND BALANCE	(85,131)	(83,400)	30,215	113,615
FUND BALANCES - budgetary				
basis, Beginning of year	85,131	83,400	83,400	
FUND BALANCES - budgetary				
basis, End of year	\$ ----	\$ ----	\$113,615	\$113,615

Reconciliation of net change in fund balance - budgetary basis
to net change in net assets - GAAP basis

Net change in fund balance - budgetary basis	\$30,215
Inventory adjustment	15,661
Capital asset additions	9,430
Depreciation, GAAP expense	(4,650)
Net change in net assets - GAAP basis	\$50,656

CITY OF BEAVERTON, OREGON
INFORMATION SYSTEMS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Interest on investments	\$6,750	\$6,750	\$14,870	\$8,120
Intergovernmental revenue		70,679	64,512	(6,167)
Miscellaneous revenues			18,623	18,623
TOTAL REVENUES	<u>6,750</u>	<u>77,429</u>	<u>98,005</u>	<u>20,576</u>
Expenditures:				
Personal services	1,571,504	1,582,332	1,513,662	68,670
Materials and services	770,775	845,458	696,458	149,000
Capital outlay	65,000	232,044	198,245	33,799
Contingency	232,370	112,039		112,039
TOTAL EXPENDITURES	<u>2,639,649</u>	<u>2,771,873</u>	<u>2,408,365</u>	<u>363,508</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(2,632,899)</u>	<u>(2,694,444)</u>	<u>(2,310,360)</u>	<u>384,084</u>
Other financing sources (uses):				
Transfers in	2,168,250	2,174,350	2,078,360	(95,990)
Transfers out	<u>(9,349)</u>	<u>(9,349)</u>	<u>(8,364)</u>	<u>985</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,158,901</u>	<u>2,165,001</u>	<u>2,069,996</u>	<u>(95,005)</u>
NET CHANGE IN FUND BALANCE	<u>(473,998)</u>	<u>(529,443)</u>	<u>(240,364)</u>	<u>289,079</u>
FUND BALANCES - budgetary basis, Beginning of year	<u>473,998</u>	<u>529,443</u>	<u>529,443</u>	
FUND BALANCES - budgetary basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$289,079</u>	<u>\$289,079</u>

**Reconciliation of net change in fund balance - budgetary basis
to net change in net assets - GAAP basis**

Net change in fund balance - budgetary basis	(240,364)
Depreciation, GAAP expense	(77,287)
Capital asset additions	198,245
Net change in net assets - GAAP basis	<u>(\$119,406)</u>

CITY OF BEAVERTON, OREGON
GEOGRAPHIC INFORMATION SYSTEMS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Interest on investments	\$5,750	\$5,750	\$11,219	\$5,469
Miscellaneous revenues			5,879	5,879
TOTAL REVENUE	5,750	5,750	17,098	11,348
Expenditures:				
Personal services	459,607	463,725	371,828	91,897
Materials and services	95,769	99,769	71,439	28,330
Contingency	349,232	368,063		368,063
TOTAL EXPENDITURES	904,608	931,557	443,267	488,290
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(898,858)	(925,807)	(426,169)	499,638
Other financing sources (uses):				
Transfers in	592,351	592,351	542,346	(50,005)
Transfers out	(48,678)	(54,778)	(51,780)	2,998
TOTAL OTHER FINANCING SOURCES (USES)	543,673	537,573	490,566	(47,007)
NET CHANGE IN FUND BALANCE	(355,185)	(388,234)	64,397	452,631
FUND BALANCES - budgetary basis, Beginning of year	355,185	388,234	388,234	
FUND BALANCES - budgetary basis, End of year	\$ ----	\$ ----	\$452,631	\$452,631

**Reconciliation of net change in fund balance - budgetary basis
to net change in net assets - GAAP basis**

Net change in fund balance - budgetary basis	\$64,397
Depreciation, GAAP expense	(3,255)
Net change in net assets - GAAP basis	\$61,142

CITY OF BEAVERTON, OREGON
PUBLIC WORKS ADMINISTRATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Interest on investments	\$2,250	\$2,250	\$4,907	\$2,657
Miscellaneous revenues			20,943	20,943
TOTAL REVENUES	<u>2,250</u>	<u>2,250</u>	<u>25,850</u>	<u>23,600</u>
Expenditures:				
Personal services	441,617	444,717	432,712	12,005
Materials and services	227,039	290,301	259,114	31,187
Contingency	102,941	52,641		52,641
TOTAL EXPENDITURES	<u>771,597</u>	<u>787,659</u>	<u>691,826</u>	<u>95,833</u>
 DEFICIENCY OF REVENUES UNDER EXPENDITURES	 (769,347)	 (785,409)	 (665,976)	 119,433
Other financing sources (uses):				
Transfers in	815,010	815,010	764,995	(50,015)
Transfers out	(147,331)	(147,331)	(133,570)	13,761
TOTAL OTHER FINANCING SOURCES (USES)	<u>667,679</u>	<u>667,679</u>	<u>631,425</u>	<u>(36,254)</u>
 NET CHANGE IN FUND BALANCE	 (101,668)	 (117,730)	 (34,551)	 83,179
 FUND BALANCES - budgetary basis, Beginning of year	 <u>101,668</u>	 <u>117,730</u>	 <u>117,730</u>	
 FUND BALANCES - budgetary basis, End of year	 <u>\$ ----</u>	 <u>\$ ----</u>	 <u>\$83,179</u>	 <u>\$83,179</u>

**Reconciliation of net change in fund balance - budgetary basis
to net change in net assets - GAAP basis**

Net change in fund balance - budgetary basis	(34,551)
Depreciation, GAAP expense	<u>(8,496)</u>
Net change in net assets - GAAP basis	<u><u>(43,047)</u></u>

CITY OF BEAVERTON, OREGON
INSURANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Interest on investments	\$69,100	\$69,100	\$67,124	(\$1,976)
Miscellaneous revenues	10,000	14,000	41,081	27,081
Reimbursements - other	277,606	277,606	274,040	(3,566)
City insurance charges:				
Medical	6,152,820	6,152,820	5,758,331	(394,489)
Dental	772,704	772,704	743,282	(29,422)
Workers' compensation	655,000	655,000	662,548	7,548
Unemployment	93,000	93,000	93,974	974
TOTAL REVENUES	<u>8,030,230</u>	<u>8,034,230</u>	<u>7,640,380</u>	<u>(393,850)</u>
Expenditures:				
Personal services	210,345	219,713	211,734	7,979
Materials and services	8,594,191	8,695,345	7,860,239	835,106
Contingency	<u>3,257,937</u>	<u>3,347,444</u>		<u>3,347,444</u>
TOTAL EXPENDITURES	<u>12,062,473</u>	<u>12,262,502</u>	<u>8,071,973</u>	<u>4,190,529</u>
DEFICIENCY OF REVENUES				
UNDER EXPENDITURES	<u>(4,032,243)</u>	<u>(4,228,272)</u>	<u>(431,593)</u>	<u>3,796,679</u>
Other financing sources (uses):				
Transfers in	958,151	954,151	954,151	
Transfers out	<u>(63,233)</u>	<u>(63,233)</u>	<u>(58,268)</u>	<u>4,965</u>
TOTAL OTHER FINANCING				
SOURCES (USES)	<u>894,918</u>	<u>890,918</u>	<u>895,883</u>	<u>4,965</u>
NET CHANGE IN FUND BALANCE	(3,137,325)	(3,337,354)	464,290	3,801,644
FUND BALANCES - budgetary				
basis, Beginning of year	<u>3,137,325</u>	<u>3,337,354</u>	<u>3,337,354</u>	
FUND BALANCES - budgetary				
basis, End of year	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$3,801,644</u>	<u>\$3,801,644</u>

Note: There is no difference between budgetary revenues and expenditures and GAAP revenues and expenditures.

OTHER FINANCIAL SCHEDULES

CITY OF BEAVERTON, OREGON
SCHEDULE OF BONDS PAYABLE
For the Fiscal Year Ended June 30, 2009

	<u>Interest Rate</u>	<u>Initial Call Date</u>	<u>Year of Maturity</u>	<u>Interest Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2008</u>	<u>Bonds Matured During Year</u>	<u>Outstanding June 30, 2009</u>
General Obligation Bonds issued:								
General Obligation Bonds:								
06/03/99	4.25 to 5.00%	06/01/09	2009	J-D	\$21,895,000	\$1,020,000	\$1,020,000	\$0
08/16/05	3.00 to 5.00%	N/A	2019	J-D	13,575,000	13,200,000	90,000	13,110,000
Subtotal					<u>35,470,000</u>	<u>14,220,000</u>	<u>1,110,000</u>	<u>13,110,000</u>
Unamortized deferred charges								(27,215)
Total GO Bonds					<u><u>\$35,470,000</u></u>	<u><u>\$14,220,000</u></u>	<u><u>\$1,110,000</u></u>	<u><u>13,082,785</u></u>
 Water Revenue Bonds issued (1):								
01/04/04 (2004)	2.00 to 4.00%	04/01/14	2016	A-O	\$10,375,000	\$6,850,000	\$315,000	6,535,000
Unamortized discount								(63,635)
Total 2004 Water Revenue Bonds								<u>6,471,365</u>
10/01/04 (2004B)	2.00 to 5.00%	06/01/14	2017	J-D	10,280,000	7,110,000	1,170,000	5,940,000
Unamortized discount								(122,165)
Total 2004 (B) Water Revenue Bonds								<u>5,817,835</u>
06/06/06 (2006)	4.00 to 4.20%	06/01/16	2026	J-D	<u>10,000,000</u>	<u>9,325,000</u>	<u>360,000</u>	8,965,000
Unamortized discount								(4,902)
Total 2006 Water Revenue Bonds								<u>8,960,098</u>
Total Water Revenue Bonds					<u><u>\$30,655,000</u></u>	<u><u>\$23,285,000</u></u>	<u><u>\$1,845,000</u></u>	<u><u>21,249,298</u></u>
 TOTAL BONDS PAYABLE								<u><u>\$34,332,083</u></u>

(1) Principal and interest on all water revenue bonds are payable from net water revenues and amounts in the Water Debt Service Fund.

CITY OF BEAVERTON, OREGON
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
June 30, 2009

	<u>General Obligation</u>	<u>Water Revenue</u>
Bond principal:		
2009-2010	\$1,165,000	\$1,905,000
2010-2011	1,205,000	2,040,000
2011-2012	1,245,000	2,115,000
2012-2013	1,290,000	2,185,000
2013-2014	1,345,000	2,280,000
2014-2015	1,400,000	2,365,000
2015-2016	1,450,000	1,745,000
2016-2017	1,530,000	1,255,000
2017-2018	1,480,000	515,000
2018-2019	1,000,000	535,000
2019-2020		560,000
2020-2021		585,000
2021-2022		610,000
2022-2023		640,000
2023-2024		670,000
2024-2025		700,000
2025-2026		735,000
	<u>13,110,000</u>	<u>21,440,000</u>
Unamortized discount	<u>(27,215)</u>	<u>(190,702)</u>
	<u><u>\$13,082,785</u></u>	<u><u>\$21,249,298</u></u>
Bond interest:		
2009-2010	\$564,038	\$829,894
2010-2011	523,262	745,819
2011-2012	481,088	677,794
2012-2013	434,400	604,506
2013-2014	382,800	519,931
2014-2015	329,000	435,099
2015-2016	273,000	345,055
2016-2017	200,500	276,335
2017-2018	124,000	226,135
2018-2019	50,000	205,535
2019-2020		184,135
2020-2021		161,735
2021-2022		138,335
2022-2023		113,630
2023-2024		87,390
2024-2025		59,920
2025-2026		30,870
	<u><u>\$3,362,088</u></u>	<u><u>\$5,642,118</u></u>

CITY OF BEAVERTON, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
AND OUTSTANDING BALANCES
For the Fiscal Year Ended June 30, 2009

	<u>Taxes Uncollected June 30, 2008</u>	<u>Add Levy Extended by Assessor</u>	<u>Add/(Deduct) Discounts Allowed</u>	<u>Add Interest Received</u>	<u>Deduct Cancellations and Adjustments</u>	<u>Deduct Interest and Tax Collections</u>	<u>Taxes Uncollected June 30, 2009</u>
2008-09		\$30,066,294	(\$751,077)	\$10,303	(\$57,232)	(\$28,349,437)	\$918,851
2007-08	\$701,694		1,072	27,680	(49,179)	(444,351)	236,916
2006-07	172,746		248	13,591	(10,621)	(89,845)	86,119
2005-06	59,331		162	9,656	(5,710)	(41,393)	22,046
2004-05	23,601		35	4,519	(1,737)	(17,170)	9,248
2003-04	6,278		9	650	(631)	(1,572)	4,734
Prior years	11,981		2	1,553	(1,786)	(3,499)	8,251
	<u>\$975,631</u>	<u>\$30,066,294</u>	<u>(\$749,549)</u>	<u>\$67,952</u>	<u>(\$126,896)</u>	<u>(\$28,947,267)</u>	<u>\$1,286,165</u>

	<u>Property Taxes Revenue</u>		<u>Collections from July 1, 2008 to August 31, 2008</u>	<u>Collections from July 1, 2009 to August 31, 2009</u>	<u>Collections from 7/01/2008 to 6/30/2009</u>	<u>Taxes Uncollected June 30, 2009</u>
	<u>Current Levy</u>	<u>Prior Years</u>				
Distributed as follows:						
General Fund	\$23,901,179	\$404,283	\$127,735	(\$142,594)	(\$24,290,603)	\$1,077,828
Street Lighting Fund	1,178,343	20,569	6,570	(7,058)	(1,198,424)	53,578
Library Fund	1,692,028	28,703	9,039	(10,109)	(1,719,661)	76,344
Debt Service Fund	1,709,119	30,184	9,573	(10,297)	(1,738,579)	78,415
	<u>\$28,480,669</u>	<u>\$483,739</u>	<u>\$152,917</u>	<u>(\$170,058)</u>	<u>(\$28,947,267)</u>	<u>\$1,286,165</u>

CITY OF BEAVERTON, OREGON
SCHEDULE OF ACCOUNTABILITY OF INDEPENDENTLY ELECTED OFFICIALS
For the Fiscal Year Ended June 30, 2009

Oregon Revised Statutes (ORS) section 297 requires a statement of accountability for each independently elected official collecting or receiving money in the municipal corporation. In compliance with ORS 297 there are no independently elected officials that collect or receive money on behalf of the City of Beaverton.

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Beaverton's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	87-91
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	92-95
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	96-99
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	100-101
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	102-105
Annual Disclosure Information in Conformance with SEC Rule 15c2-12 Information is provided for the outstanding water revenue bonds and the general obligation bond.	106-117

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF BEAVERTON, OREGON
NET ASSETS BY COMPONENT
Last Seven Fiscal Years
(Accrual basis of accounting - Unaudited)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities:							
Invested in capital assets, net of related debt	\$91,153,157	\$108,316,516	\$112,825,093	\$118,719,198	\$120,046,703	\$129,806,283	\$134,523,236
Restricted	8,708,309	7,302,481	8,753,243	10,005,207	11,010,035	11,701,563	11,662,440
Unrestricted	18,100,217	16,219,401	15,491,251	16,649,348	22,334,382	24,765,001	26,834,551
Total governmental activities net assets	117,961,683	131,838,398	137,069,587	145,373,753	153,391,120	166,272,847	173,020,227
Business-type activities:							
Invested in capital assets, net of related debt	106,991,125	111,305,507	120,605,216	123,573,259	128,219,473	137,224,282	144,853,657
Restricted	9,102,359	10,116,850	13,235,914	15,541,209	17,377,958	18,264,596	17,267,310
Unrestricted	18,414,605	18,300,526	16,585,948	18,876,610	20,806,131	23,840,253	24,572,052
Total business-type activities net assets	134,508,089	139,722,883	150,427,078	157,991,078	166,403,562	179,329,131	186,693,019
Total government:							
Invested in capital assets, net of related debt	198,144,282	219,622,023	233,430,309	242,292,457	248,266,176	267,030,565	279,376,893
Restricted	17,810,668	17,419,331	21,989,157	25,546,416	28,387,993	29,966,159	28,929,750
Unrestricted	36,514,822	34,519,927	32,077,199	35,525,958	43,140,513	48,605,254	51,406,603
Total government net assets	\$252,469,772	\$271,561,281	\$287,496,665	\$303,364,831	\$319,794,682	\$345,601,978	\$359,713,246

CITY OF BEAVERTON, OREGON
CHANGES IN NET ASSETS
Last Seven Fiscal Years
Accrual Basis of accounting - Unaudited

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
General government	\$15,817,282	\$16,846,402	\$18,522,073	\$19,880,453	\$20,217,329	\$20,255,832	\$21,507,864
Public safety	14,192,215	15,276,133	16,563,618	18,384,953	19,010,745	20,083,344	21,949,125
Highways and streets	6,395,908	8,211,942	7,453,137	7,772,831	7,866,446	8,428,343	8,396,409
Education	5,430,369	5,154,633	4,941,891	5,022,179	5,182,707	6,171,277	6,764,157
Cultural and recreation	184,204	181,377	183,724	187,645	192,285	200,901	291,468
Interest on long-term debt	1,143,604	966,004	898,661	886,903	982,109	931,319	905,386
Total governmental activities expenses	<u>43,163,582</u>	<u>46,636,491</u>	<u>48,563,104</u>	<u>52,134,964</u>	<u>53,451,621</u>	<u>56,071,016</u>	<u>59,814,409</u>
Business-type activities:							
Water	6,897,845	6,885,467	6,990,598	7,046,539	7,701,756	7,971,184	8,549,039
Sewer	2,810,610	2,889,860	2,955,975	3,106,074	3,195,750	3,377,965	3,828,142
Storm drain	2,398,828	2,572,704	2,560,675	2,886,449	2,980,651	3,429,873	3,460,401
Total business-type activities expenses	<u>12,107,283</u>	<u>12,348,031</u>	<u>12,507,248</u>	<u>13,039,062</u>	<u>13,878,157</u>	<u>14,779,022</u>	<u>15,837,582</u>
 Total government expenses	<u>\$55,270,865</u>	<u>\$58,984,522</u>	<u>\$61,070,352</u>	<u>\$65,174,026</u>	<u>\$67,329,778</u>	<u>\$70,850,038</u>	<u>\$75,651,991</u>
 Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$4,175,159	\$4,705,250	\$4,898,275	\$7,051,036	\$6,878,006	\$6,199,510	\$5,247,861
Public Safety	2,510,481	3,401,939	3,970,535	4,497,123	4,843,549	4,488,590	4,466,317
Highways and streets	80,787	199,430	245,650	208,075	344,588	180,029	749,253
Education	132,220	144,810	146,613	150,454	157,504	160,687	168,999
Cultural and recreation	4,140	3,420	4,280	2,735	4,189	3,150	3,705
Operating grants and contributions	3,686,396	3,860,556	3,810,814	5,087,814	3,864,459	5,377,349	5,321,107
Capital grants and contributions	2,539,775	15,764,926	6,250,583	5,399,808	3,440,243	9,195,310	7,107,177
Total governmental activities program revenues	<u>13,128,958</u>	<u>28,080,331</u>	<u>19,326,750</u>	<u>22,397,045</u>	<u>19,532,538</u>	<u>25,604,625</u>	<u>23,064,419</u>
Business-type activities:							
Charges for services:							
Water	7,801,632	8,670,560	8,182,721	8,276,265	8,850,304	8,565,573	8,849,949
Sewer	2,518,750	2,505,615	2,610,334	2,764,177	3,602,996	4,050,068	4,247,315
Storm drain	2,662,469	2,667,291	3,119,088	3,262,945	3,757,426	3,574,178	3,545,536
Capital grants and contributions	3,122,181	3,391,966	8,723,106	5,326,982	4,186,678	10,139,537	5,757,891
Total business-type activities program revenues	<u>16,105,032</u>	<u>17,235,432</u>	<u>22,635,249</u>	<u>19,630,369</u>	<u>20,397,404</u>	<u>26,329,356</u>	<u>22,400,691</u>
 Total government program revenues	<u>\$29,233,990</u>	<u>\$45,315,763</u>	<u>\$41,961,999</u>	<u>\$42,027,414</u>	<u>\$39,929,942</u>	<u>\$51,933,981</u>	<u>\$45,465,110</u>

Continued

CITY OF BEAVERTON, OREGON
CHANGES IN NET ASSETS (continued)
Last Seven Fiscal Years
(Accrual basis of accounting - Unaudited)

	Fiscal Year						
Net (Expense)/Revenue	2003	2004	2005	2006	2007	2008	2009
Governmental activities	(\$30,034,624)	(\$18,556,160)	(\$29,236,354)	(\$29,737,919)	(\$33,919,083)	(\$30,466,391)	(\$36,749,990)
Business-type activities	\$3,997,749	4,887,401	10,128,001	6,591,307	6,519,247	11,550,334	6,563,109
Total government net expense	<u>(\$26,036,875)</u>	<u>(\$13,668,759)</u>	<u>(\$19,108,353)</u>	<u>(\$23,146,612)</u>	<u>(\$27,399,836)</u>	<u>(\$18,916,057)</u>	<u>(\$30,186,881)</u>
General Revenues and Other Changes in Net Assets							
Governmental activities							
Taxes							
Property taxes	\$18,207,666	\$20,910,141	\$22,436,171	\$24,085,914	\$26,886,482	\$28,131,042	\$29,257,802
Franchise and public service taxes	4,949,887	4,891,497	5,218,886	5,646,509	6,117,662	6,565,366	6,643,075
Motor fuel taxes	3,468,634	3,937,872	4,177,931	4,325,831	4,255,760	4,048,266	3,646,968
State shared taxes	1,283,322	1,326,761	1,415,111	1,571,011	1,935,514	1,795,320	1,899,507
Hotel/motel taxes	385,121	363,240	361,066	382,772	569,382	486,873	428,063
Interest and investment earnings	547,151	398,690	618,801	1,078,517	1,687,056	1,664,255	920,975
Other revenues	150,365	504,674	339,577	951,531	484,594	656,996	700,980
Total governmental activities	<u>28,992,146</u>	<u>32,332,875</u>	<u>34,567,543</u>	<u>38,042,085</u>	<u>41,936,450</u>	<u>43,348,118</u>	<u>43,497,370</u>
Business-type activities:							
Interest and investment earnings	417,631	327,393	576,194	972,693	1,451,954	1,355,501	731,084
Other revenues	220,832				441,283	19,734	69,695
Total business-type activities	<u>638,463</u>	<u>327,393</u>	<u>576,194</u>	<u>972,693</u>	<u>1,893,237</u>	<u>1,375,235</u>	<u>800,779</u>
Total government	<u>\$29,630,609</u>	<u>\$32,660,268</u>	<u>\$35,143,737</u>	<u>\$39,014,778</u>	<u>\$43,829,687</u>	<u>\$44,723,353</u>	<u>\$44,298,149</u>
Change in Net Assets							
Governmental activities	(\$1,042,478)	\$13,776,715	\$5,331,189	\$8,304,166	\$8,017,367	\$12,881,727	\$6,747,380
Business-type activities	4,636,212	5,214,794	10,704,195	7,564,000	8,412,484	12,925,569	7,363,888
Total government	<u>\$3,593,734</u>	<u>\$18,991,509</u>	<u>\$16,035,384</u>	<u>\$15,868,166</u>	<u>\$16,429,851</u>	<u>\$25,807,296</u>	<u>\$14,111,268</u>

CITY OF BEAVERTON, OREGON
FUND BALANCES, GOVERNMENTAL FUNDS
Last Seven Fiscal Years
(Modified accrual basis of accounting - Unaudited)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General Fund							
Reserved	\$502,275	\$581,172	\$30,906	\$24,494	\$16,341	\$10,157	\$4,674
Unreserved, designated					1,605,700	1,768,600	1,790,100
Unreserved, undesignated	9,682,378	7,848,760	8,723,745	9,460,489	13,332,072	18,194,008	19,578,387
Total General Fund	<u>\$10,184,653</u>	<u>\$8,429,932</u>	<u>\$8,754,651</u>	<u>\$9,484,983</u>	<u>\$14,954,113</u>	<u>\$19,972,765</u>	<u>\$21,373,161</u>
All Other Governmental Funds							
Reserved	\$6,323,775	\$4,389,974	\$4,674,148				
Unreserved, designated, reported in:							
Special revenue funds					\$632,832	\$579,832	\$637,050
Unreserved, reported in:							
Special revenue funds	6,159,706	6,717,099	7,091,537	\$13,213,043	12,535,174	11,739,186	12,772,874
Debt Service Funds					236,040	227,265	252,936
Capital projects funds	8,112				644,377	478,527	434,915
Total all other governmental funds	<u>\$12,491,593</u>	<u>\$11,107,073</u>	<u>\$11,765,685</u>	<u>\$13,213,043</u>	<u>\$14,048,423</u>	<u>\$13,024,810</u>	<u>\$14,097,775</u>

*Fiscal year 2002-03 was the first year that the new reporting requirements of GASB 34 were implemented

CITY OF BEAVERTON, OREGON
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Seven Fiscal Years
(Modified accrual basis of accounting - Unaudited)

	Fiscal Year		
	2003	2004	2005
Revenues			
Taxes	\$18,197,065	\$20,859,317	\$22,538,327
Special assessments	85,363	17,529	9,650
Intergovernmental	9,166,369	8,785,559	8,987,392
Federal grants	744,373	1,229,240	862,133
Fees, licenses, and permits	4,206,491	4,915,001	5,303,504
Franchise fees	4,949,887	4,891,497	5,218,887
Fines and forfeits	2,265,405	3,115,411	3,734,188
Interest on investments and assessments	511,325	356,310	545,507
Charges for services	753,334	615,810	552,606
Contributions and donations	70,225	65,955	50,353
Miscellaneous revenues and cash-in-lieu	831,416	1,264,835	1,100,288
Total revenues	41,781,253	46,116,464	48,902,835
Expenditures			
General government	15,538,847	15,956,344	18,121,614
Public safety	13,953,924	15,012,425	16,141,913
Highways and streets	4,327,112	6,464,177	5,206,916
Education	4,799,140	4,591,955	4,419,629
Cultural	125,399	122,284	122,780
Capital outlay	3,378,099	5,469,184	1,860,326
Debt service:			
Principal	2,260,000	1,420,000	1,490,000
Interest	1,063,432	971,336	900,400
Loan issuance costs			
Total expenditures	45,445,953	50,007,705	48,263,578
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,664,700)	(3,891,241)	639,257
Other Financing Sources (Uses)			
Refunding long-term debt issued			
Premium on refunding debt issued			
Payment to refunded bond escrow agent			
Debt issuance costs and underwriter's discount			
Long term loans issued		752,000	
Transfers in	2,533,394	4,183,039	1,172,469
Transfers out	(2,016,442)	(4,183,039)	(1,172,469)
Sale of capital assets			344,074
TOTAL OTHER FINANCING SOURCES (USES)	516,952	752,000	344,074
NET CHANGE IN FUND BALANCES	(\$3,147,748)	(\$3,139,241)	\$983,331
Debt service as a percentage of noncapital expenditures	7.90%	5.37%	5.15%

*Fiscal year 2002-03 was the first year that the new reporting requirements of GASB were implemented

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$24,048,195	\$26,782,964	\$27,965,539	\$28,964,408
36,660	12,200	3,938	220,250
11,385,129	10,532,971	10,481,002	10,358,703
2,821,509	890,470	1,295,341	928,549
5,781,822	6,119,147	5,039,652	3,761,624
5,646,509	6,117,662	6,565,365	6,643,075
4,265,234	4,602,856	4,262,213	4,013,306
931,585	1,244,797	1,740,720	787,257
1,964,969	2,427,759	2,012,446	2,064,720
34,741	33,149	19,996	35,400
<u>1,396,372</u>	<u>995,154</u>	<u>1,218,825</u>	<u>1,325,051</u>
<u>58,312,725</u>	<u>59,759,129</u>	<u>60,605,037</u>	<u>59,102,343</u>
18,531,515	19,236,915	19,466,058	19,705,181
18,185,079	18,705,368	19,921,262	21,263,102
5,792,846	5,786,004	6,447,356	6,050,663
4,538,216	4,703,758	5,776,729	6,194,548
128,078	132,473	140,608	228,234
7,664,453	4,248,356	4,200,983	881,205
1,465,128	1,412,005	1,501,728	1,569,503
698,906	795,327	798,169	742,696
	10,213		
<u>57,004,221</u>	<u>55,030,419</u>	<u>58,252,893</u>	<u>56,635,132</u>
1,308,504	4,728,710	2,352,144	2,467,211
13,575,000			
581,323			
(13,994,424)			
(146,892)			
	1,000,000		
1,014,356	1,568,319	3,071,484	1,051,185
(1,014,356)	(1,568,319)	(3,071,484)	(1,051,185)
854,179	575,800	14,213	6,150
<u>869,186</u>	<u>1,575,800</u>	<u>14,213</u>	<u>6,150</u>
<u>\$2,177,690</u>	<u>\$6,304,510</u>	<u>\$2,366,357</u>	<u>\$2,473,361</u>
4.39%	4.35%	4.25%	4.15%

CITY OF BEAVERTON, OREGON
MARKET AND ASSESSED VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Real Property		Personal Property		Public Utilities		Total		Total Assessed to Total Market Value	Total Direct Tax Rate
	Market Value	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value		
2000	\$5,266,752,942	\$3,988,169,870	\$292,374,917	\$291,011,802	\$178,237,608	\$164,442,663	\$5,737,365,467	\$4,443,624,335	77.5 %	\$3.98
2001	5,572,891,614	4,192,007,290	305,000,073	304,287,560	212,073,944	183,125,967	6,089,965,631	4,679,420,817	76.8	3.79
2002	5,942,789,286	4,407,414,500	345,475,815	344,971,935	218,745,186	217,496,224	6,507,010,287	4,969,882,659	76.4	3.32
2003	6,255,080,042	4,655,984,150	322,916,347	322,836,347	213,922,909	211,520,723	6,791,919,298	5,190,341,220	76.4	3.61
2004	6,752,043,953	4,914,673,520	297,661,159	297,591,743	208,701,828	208,687,693	7,258,406,940	5,420,952,956	74.7	3.97
2005	6,987,505,292	5,134,917,560	284,530,535	284,470,615	202,920,154	202,898,474	7,474,955,981	5,622,286,649	75.2	4.10
2006	8,062,508,313	5,650,613,740	304,524,819	304,472,910	205,993,985	205,976,090	8,573,027,117	6,161,062,740	71.9	4.01
2007	9,970,671,561	5,988,798,650	316,398,500	316,344,740	227,078,382	225,904,540	10,514,148,443	6,531,047,930	62.1	4.21
2008	10,994,661,350	6,309,427,890	344,464,510	344,403,350	227,829,099	225,300,160	11,566,954,959	6,879,131,400	59.5	4.18
2009	11,501,421,900	6,623,520,580	365,779,797	365,711,497	299,914,666	299,199,560	12,167,116,363	7,288,431,637	59.9	4.12

Information from the Washington County, Assessment and Taxation Department.

CITY OF BEAVERTON, OREGON
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(Per \$1,000 of Assessed Value)
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	City of Beaverton Direct Rates					Overlapping Rates					
	General Fund	Special Revenue Funds	Total Within Permanent Tax Rate	Debt Service Fund	Total Direct Levy	Washington County	Schools	Port of Portland	Metro	Other	Total
2000	\$3.03	\$0.38	\$3.41	\$0.57	\$3.98	\$2.54	\$5.00	\$0.08	\$0.33	\$4.83	\$16.76
2001	2.94	0.31	3.25	0.54	3.79	2.53	5.00	0.07	0.34	5.06	16.79
2002	2.85	0.33	3.18	0.14	3.32	2.96	5.00	0.07	0.32	5.39	17.06
2003	2.96	0.39	3.35	0.26	3.61	2.92	5.00	0.07	0.28	5.61	17.49
2004	3.11	0.42	3.53	0.44	3.97	2.90	5.00	0.07	0.29	7.07	19.30
2005	3.26	0.42	3.68	0.42	4.10	2.87	5.00	0.07	0.28	5.66	17.98
2006	3.31	0.42	3.73	0.28	4.01	2.84	5.00	0.07	0.28	5.39	17.59
2007	3.54	0.41	3.95	0.26	4.21	2.45	5.00	0.07	0.28	5.29	17.30
2008	3.51	0.42	3.93	0.25	4.18	3.03	5.00	0.07	0.43	5.79	18.50
2009	3.45	0.42	3.87	0.25	4.12	2.98	5.00	0.07	0.40	5.57	18.14

Information from the Washington County, Assessment and Taxation Department.

Note: To raise additional tax authority above the permanent rate, it must be approved by either:

- 1) simple majority of the voters in a May or November election
- 2) a double majority for all other elections.

**CITY OF BEAVERTON, OREGON
PRINCIPAL TAXPAYERS
Current Year and Nine Years Ago
(Unaudited)**

Taxpayer	Type of Business	Rank	2009		Rank	2000	
			Taxable Assessed Valuation	% of City Taxable Assessed Valuation (a)		Taxable Assessed Valuation	% of City Taxable Assessed Valuation (b)
<u>Non-Utility</u>							
PS Business Parks LP	Commercial Property	1	\$102,805,926	1.41 %			
ERP Operating LTD Partnership	Commercial Property	2	61,575,420	0.84			
Bernard Properties Partnership	Cedar Hills Crossing	3	56,247,700	0.77			
Nimbus Center, LLC	Commercial Property	4	52,362,820	0.72			
Leupold and Stevens, Inc.	Manufacturer (Telescopic sights and scopes)	5	44,923,210	0.62			
Templeton Vista Associates	Property Financial Services	6	34,406,680	0.47			
NNN Woodside Corporate Park LLC	Commercial Property	7	32,362,590	0.44			
Gateway Columbia Properties Inc.	Commercial Property	8	30,126,114	0.41			
Murray Scholls, LLC	Apartments	9	25,557,480	0.35			
Peterkort Residential I LLC	Property Development	10	20,146,410	0.28			
Talcott Realty I Limited Partnership	Commercial Property				1	\$41,739,170	0.94 %
Spieker Properties	Commercial Property				2	40,132,070	0.90
TCR # 526 Murray North Limited	Commercial Property				3	35,442,030	0.80
Bernard Properties Partnership	Beaverton Mall				4	27,052,860	0.61
Murray Blvd. Partners	Commercial Property				5	26,370,000	0.59
Gateway Columbia Properties	Commercial Property				6	23,132,070	0.52
Western Craft Division	Industrial Property				7	20,303,330	0.46
Security Capital Pacific Trust	Apartments				8	20,283,050	0.46
Kings Court - 460, LLC	Apartments				9	18,232,940	0.41
Summer Creek Reflections Inc.	Real Estate Development				10	17,100,040	0.38
TOTAL			<u>\$460,514,350</u>	<u>6.32 %</u>		<u>\$269,787,560</u>	<u>6.07 %</u>
<u>Utilities</u>							
Verizon Northwest Inc. / GTE	Telephone		\$163,734,331	2.25 %		\$74,097,446	1.67 %
Portland General Electric	Electricity		64,781,540	0.89		28,828,000	0.65
Northwest Natural	Natural Gas		40,034,400	0.55		21,576,000	0.49
TOTAL			<u>\$268,550,271</u>	<u>3.68 %</u>		<u>\$124,501,446</u>	<u>2.80 %</u>

(a) City of Beaverton's 2008-09 assessed valuation was \$7,288,431,637 and market valuation was \$12,167,116,363

(b) City of Beaverton's 1999-00 assessed and market valuation was \$4,443,624,335

Information from the Washington County Department of Assessment and Taxation.

CITY OF BEAVERTON, OREGON
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year Ended June 30</u>	<u>Taxes Levied by Assessor</u>	<u>Current Tax Collections</u>	<u>Current Tax Collections as Percent of Current Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections as Percent of Current Levy</u>	<u>Uncollected Taxes</u>	<u>Uncollected Taxes as Percent of Current Levy</u>
2000	\$17,704,489	\$16,608,475	93.8 %	\$452,447	\$17,060,922	96.4 %	\$810,393	4.6 %
2001	17,822,986	16,850,030	94.5	496,765	17,346,795	97.3	753,440	4.2
2002	16,527,776	15,632,022	94.6	489,412	16,121,434	97.5	720,322	4.4
2003	18,748,268	17,715,934	94.5	488,633	18,204,567	97.1	723,422	3.9
2004	21,573,001	20,388,782	94.5	457,460	20,846,242	96.6	787,322	3.6
2005	23,092,400	21,920,971	94.9	599,662	22,520,633	97.5	702,859	3.0
2006	24,782,673	23,569,706	95.1	537,380	24,107,086	97.3	681,686	2.8
2007	27,634,937	26,314,476	95.2	461,482	26,775,958	96.9	792,210	2.9
2008	28,880,772	27,421,478	94.9	526,144	27,947,622	96.8	975,631	3.4
2009	30,066,294	28,349,437	94.3	597,830	28,947,267	96.3	1,286,165	4.3

CITY OF BEAVERTON, OREGON
RATIO OF NET GENERAL BONDED DEBT TO MARKET VALUE
AND NET BONDED DEBT PER CAPITA
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year Ended June 30</u>	<u>Population (1)</u>	<u>Market Value</u>	<u>Gross General Bonded Debt</u> (2)	<u>Less General Obligation Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Percent of Net Bonded Debt to Market Value</u>	<u>Net Bonded Debt Per Capita</u>
2000	68,730	\$5,737,365,467	\$24,020,000	\$220,758	\$23,799,242	0.415 %	\$346.27
2001	77,050	6,089,965,631	22,770,000	2,807,669	19,962,331	0.328	259.08
2002	77,170	6,507,010,287	21,470,000	1,264,249	20,205,751	0.311	261.83
2003	77,990	6,791,919,298	20,110,000	216,507	19,893,493	0.293	255.08
2004	79,350	7,258,406,940	18,690,000	174,587	18,515,413	0.255	233.34
2005	81,198	7,474,955,981	17,200,000	118,132	17,081,868	0.229	210.37
2006	83,097	8,573,027,117	16,305,000	138,518	16,166,482	0.189	194.55
2007	84,270	10,514,148,443	15,285,000	138,473	15,146,527	0.144	179.74
2008	85,560	11,566,954,959	14,220,000	140,399	14,079,601	0.122	164.56
2009	86,205	12,167,116,363	13,110,000	176,883	12,933,117	0.106	150.03

(1) Population numbers shown are estimates made as of July 1 of the fiscal year indicated.

(2) Excludes Water Bonds.

All population statistics are provided by the Portland State University Population Research Center. Market values obtained from the Washington County Assessment and Taxation Department. All other information obtained from current and prior years' financial statements.

CITY OF BEAVERTON, OREGON
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
June 30, 2009
(Unaudited)

<u>Taxing Jurisdiction</u>	<u>Total Net Property-tax Backed Debt</u>	<u>Percent Real Market Value of the City</u>	<u>City's Pro-Rata Share</u>
Washington County	\$31,535,000	16.5581 %	\$5,221,597
Beaverton School District No. 48J	418,585,000	33.8823	141,826,225
Tualatin Hills Park and Recreation District	71,685,000	40.4005	28,961,098
Tualatin Valley Fire and Rescue District	29,000,000	18.4053	5,337,537
Metro	187,666,896	5.5578	10,430,151
Tri-County Metropolitan Transportation District	36,380,000	5.5959	2,035,788
Multnomah County School District 1J	15,090,000	0.2717	41,000
Portland Community College	<u>234,345,000</u>	7.0602	<u>16,545,226</u>
Total overlapping debt	1,024,286,896		210,398,622
City of Beaverton, direct debt	<u>13,110,000</u> (1)	100.0000	<u>13,110,000</u>
Total direct and overlapping debt	<u><u>\$1,037,396,896</u></u>		<u><u>\$223,508,622</u></u>

(1) Total general obligation bonds backed by property tax.

Note: Overlapping taxing jurisdictions are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Beaverton.

Information from the Oregon Municipal Debt Advisory Commission.

CITY OF BEAVERTON, OREGON
COMPUTATION OF LEGAL DEBT MARGIN
Last Ten Fiscal Years
(Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2009

True cash value	\$12,167,116,363
Debt limit (3% of real market value)	365,013,491
Debt applicable to limit:	
Gross bonded debt	34,550,000
Less legal deductions:	
Water bonds	(21,440,000)
Total net debt applicable to limit	<u>13,110,000</u>
Legal debt margin	<u><u>\$351,903,491</u></u>
Total net debt applicable to the limit as a percentage of debt limit	3.59%

		Fiscal Year									
		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
86	Debt limit	\$172,120,964	\$182,698,969	\$195,210,309	\$203,757,579	\$217,752,208	\$224,248,679	\$257,190,814	\$315,424,453	\$347,008,649	\$365,013,491
	Total net debt applicable to limit	<u>24,020,000</u>	<u>22,770,000</u>	<u>21,470,000</u>	<u>20,110,000</u>	<u>18,690,000</u>	<u>17,200,000</u>	<u>16,305,000</u>	<u>15,285,000</u>	<u>14,220,000</u>	<u>13,110,000</u>
	Legal debt margin	<u>\$148,100,964</u>	<u>\$159,928,969</u>	<u>\$173,740,309</u>	<u>\$183,647,579</u>	<u>\$199,062,208</u>	<u>\$207,048,679</u>	<u>\$240,885,814</u>	<u>\$300,139,453</u>	<u>\$332,788,649</u>	<u>\$351,903,491</u>
	Total net debt applicable to the limit as a percentage of debt limit	13.96%	12.46%	11.00%	9.87%	8.58%	7.67%	6.34%	4.85%	4.10%	3.59%

ORS 287.004 provides a debt limit of 3% of the true cash value (market) of all taxable property within the City boundaries.

The true cash value information obtained from Washington County Assessment and Taxation Department. All other information obtained from the financial statements.

CITY OF BEAVERTON, OREGON
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Governmental Activities			Business-type Activities		Total Government	(3) Percentage of Personal Income	(3) Per Capita
	General Obligation Bonded Debt, Net (1)	Loans Payable	Capital Leases (2)	Revenue Bonded Debt, Net (2)	Contracts Payable (2)			
2000	\$23,799,242			\$23,885,517	785,339	\$48,470,098	2.16	\$694
2001	19,962,331			22,248,775	774,652	\$42,985,758	1.69	548
2002	20,205,751			20,908,033	763,520	\$41,877,304	1.66	533
2003	19,893,493			19,141,291	751,921	\$39,786,705	1.56	501
2004	18,515,413	752,000		20,110,433	739,831	\$40,117,677	1.44	487
2005	17,081,868	752,000	6,459,719	18,129,441	727,220	\$43,150,248	1.25	434
2006	16,166,482	1,314,064	6,310,578	25,813,196	714,127	\$50,318,447	1.39	505
2007	15,146,527	2,249,597	6,147,665	24,222,615	700,389	\$48,466,793	1.28	467
2008	14,190,063	2,141,048	5,953,290	23,003,201	686,037	\$45,973,639	N/A	435
2009	13,082,785	2,026,083	5,762,079	21,249,298	671,037	\$42,791,282	N/A	496

(1) Net of unamortized discounts and Debt Service Fund's ending fund balance.

(2) Net unamortized discounts.

(3) See page 100 for personal income and population data.

N/A = Not available

CITY OF BEAVERTON, OREGON
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(2) Per Capita Income (WA County)</u>	<u>Total Personal Income (thousands of dollars)</u>	<u>(3) School Enrollment</u>	<u>(4) Unemployment Rate Percentage (Portland Metro Area)</u>
2000	68,730	\$33,171	\$2,279,843	32,024	4.3 %
2001	77,050	32,067	2,470,762	32,892	5.0
2002	77,170	31,680	2,444,746	33,324	7.8
2003	77,990	32,105	2,521,261	35,463	6.8
2004	79,350	33,546	2,687,981	35,329	7.2
2005	81,198	34,626	2,687,981	36,502	6.3
2006	83,097	36,259	2,897,643	36,646	5.3
2007	84,270	36,482	N/A	37,687	4.8
2008	85,560	N/A	N/A	37,789	5.3
2009	86,205	N/A	N/A	37,552	11.80

Sources of information:

(1) Portland State University, Population Research & Census Center.

(2) U.S. Department of Commerce, Bureau of Economic Analysis (BEA).

(3) Beaverton School District No. 48J.

(4) Bureau of Labor Statistics.

N/A = Not Available

CITY OF BEAVERTON, OREGON
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago
(Unaudited)

Employer	2009			2000		
	Employees	Rank	Percentage of Total City Employment (1)	Employees	Rank	Percentage of Total City Employment (1)
Beaverton School District No. 48J	4,267	1	9.18 %	3,439	2	7.88 %
Bernard-Cedar Hills Crossing	1,081	2	2.33	512	7	1.17
Cascade Plaza	653	3	1.41	333		0.76
Stream International	600	4	1.29	1,193	4	2.73
City of Beaverton	563	5	1.21	528	6	1.21
Beaverton Town Square	507	6	1.09	406	9	0.93
Resers Fine Foods	450	7	0.97	400	10	0.92
Welch Allyn	448	8	0.96			
Fred Meyer	422	9	0.91	537	5	1.23
Canyon Square	345	10	0.74	293		0.67
First Consumer's National Bank				1,285	3	2.95
Nike				5,700	1	13.07
Viasystems				430	8	0.99
Total	<u>9,336</u>		<u>20.09 %</u>	<u>15,056</u>		<u>34.52 %</u>

Sources: Oregon Employment Department and City of Beaverton business licenses.

(1) Total City employment is estimated based on information provided from Oregon Employment Department.
This figure is estimated to be 46,475 from 2009 and 43,621 from 2000.

CITY OF BEAVERTON, OREGON
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Seven Fiscal Years
(Unaudited)

	Full-time Equivalent Employees as of June 30						
	2003	2004	2005	2006	2007	2008	2009
<u>Function/Program</u>							
General government	166.71	167.33	171.89	166.74	171.10	173.02	170.55
Public safety	152.88	156.07	162.26	165.89	171.22	174.21	179.72
Highways and streets	25.29	25.28	24.16	25.56	24.21	24.98	26.23
Education	58.7	56.64	49.45	49.37	55.26	55.19	58.22
Cultural and recreation	1.08	1.08	1.07	1.07	1.07	1.07	1.08
Water	18.04	18.03	18.54	19.53	18.40	18.17	18.29
Sewer	11.58	11.57	11.56	12.23	11.20	13.12	15.37
Storm drain	15.94	15.94	15.91	15.43	18.11	19.06	19.19
Total	<u>450.22</u>	<u>451.94</u>	<u>454.84</u>	<u>455.82</u>	<u>470.57</u>	<u>478.82</u>	<u>488.65</u>

*Fiscal year 2002-03 was the first year that the new reporting requirements of GASB 34 were implemented

Source: City of Beaverton Finance Department

CITY OF BEAVERTON, OREGON
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Seven Fiscal Years
(Unaudited)

Function/Program	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental Activities:							
General government							
Number of cases filed in Municipal Court	24,487	27,430	31,828	29,000	36,910	38,428	35,270
Number of land use applications processed	854	840	700	750	850	840	650
Number of building inspections (97% completed within 24 hours of request)	37,300	40,200	42,350	40,000	40,000	36,000	21,000
Public Safety							
Number of arrests by patrol officers	4,105	3,805	4,271	4,597	4,442	5,064	4,744
Number of traffic citations issued	14,962	16,802	17,469	19,592	21,168	20,700	16,668
Calls for service response time (minutes)	4.11	5.30	5.60	5.70	5.40	5.30	5.40
Highways and streets							
Average Pavement Condition Index (70-100 =good)	2003	2004	2005	2006	2007	2008	2009
Arterial	78	78	77	77	82	80	87
Collectors	80	80	81	81	82	82	82
Local	82	82	82	82	80	82	82
Education							
Library - number of items in collection	319,032	292,661	299,410	290,410	299,911	295,635	327,432
Number of direct customer transactions, library	1,893,641	1,935,355	1,864,696	1,866,656	1,885,900	2,102,509	2,363,420
Number of annual circulation	1,783,900	1,759,454	1,700,980	1,700,000	1,753,800	1,979,060	2,252,684
Cultural and recreation							
Number of arts & cultural events presented	64	66	67	67	68	44	35
Number of citizens who attended events	25,000	27,000	29,000	29,500	30,000	30,500	35,000
Number of participating artists and performers	412	431	442	433	435	400	450
Business-type activities:							
Water							
Number of City accounts	15,134	15,605	16,092	16,583	16,808	16,986	17,224
Average daily consumption (in millions of gallons)	8.87	8.72	8.28	7.84	8.56	7.91	7.51
Sanitary Sewer and Storm:							
Number of accounts	19,169	19,611	20,165	20,835	21,106	21,439	21,640

*Fiscal year 2002-03 was the first year that the new reporting requirements of GASB 34 were implemented

Sources: Various City of Beaverton departments.

CITY OF BEAVERTON, OREGON
COMMERCIAL AND RESIDENTIAL CONSTRUCTION
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Commercial Construction		Residential Construction	
	Number of Units	Value	Number of Units	(1) Value
2000	30	\$30,432,303	299	\$41,763,532
2001	10	23,883,920	463	65,810,043
2002	15	11,020,191	453	79,728,358
2003	10	20,140,184	453	65,436,437
2004	9	19,145,486	541	77,012,210
2005	14	23,598,348	860	114,452,503
2006	13	30,272,113	507	78,474,326
2007	12	17,485,819	683	78,078,718
2008	37	15,549,706	265	46,090,880
2009	9	13,566,130	324	39,122,896

(1) Includes single family dwellings, duplexes and apartments.

Information on commercial and residential construction obtained from the City's Building Division.

CITY OF BEAVERTON, OREGON
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Seven Fiscal Years
(Unaudited)

<u>Function/Program</u>	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental Activities:							
General government							
Number of City owned building facilities	4	5	5	6	6	6	5
Number of user groups for the Beaverton Community Center	104	158	155	186	187	126	177
Public Safety							
Number of Neighborhood Resource Centers	5	5	5	5	5	5	5
Number of jail facilities (holding cells)	4	4	4	4	4	4	4
Number of vehicular patrol units	38	38	38	38	39	40	40
Highways and streets							
Miles of streets	191	194	201	204	206	209	211
Number of traffic signals	111	114	117	117	117	118	120
Numbers of street lighting fixtures	5,789	6,403	6,469	6,563	6,719	6,815	6,845
Education							
Library building	1	1	1	1	1	1	1
Library bookstore	1	1	1	1	1	1	1
Business-type activities:							
Water							
Total water reservoir capacity including Aquifer Storage and Recovery (ASR) (in millions gallons)	31.25	31.25	31.25	31.25	34.25	34.25	34.25
Total city-owned capacity of multi-jurisdictional storage reservoir (in millions of gallons)	5	5	5	5	10	10	10
Sanitary Sewer and Storm:							
Miles of sewer lines	243	251	260	263	265	268	269
Number of manholes	6,434	6,588	6,888	7,088	7,321	7,673	7,973

*Fiscal year 2002-03 was the first year that the new reporting requirements of GASB 34 were implemented

Sources: Various City of Beaverton departments.

CITY OF BEAVERTON, OREGON
ANNUAL DISCLOSURE INFORMATION
June 30, 2009
(Unaudited)

In conformance with SEC Rule 15c2-12, as amended (17 CFR Part 240, § 240.15c2-12) (the "Rule"), the City will provide annually the information presented in this section to all NRMSIRs and SIDs, if any.

BASIS OF ACCOUNTING

The City's governmental funds are maintained on the modified accrual basis of accounting. The proprietary funds are accounted for using the accrual basis of accounting. The City's accounting practices conform to accounting principles generally accepted in the United States of America.

Fiscal Year: July 1 to June 30

AUDITS

The Oregon Municipal Audit Law (ORS 297.405 - 297.555) requires an audit and examination to be made of the accounts and financial affairs of every municipal corporation at least once a year. Unless the municipality elects to have the audit performed by the State Division of Audits, the audit shall be made by accountants whose names are included on the roster prepared by the State Board of Accountancy.

The City audits for fiscal years 2002-2009 were performed by Talbot, Korvola & Warwick LLP. The auditors did not review the statistical tables and offer no opinion regarding the statistical tables.

BUDGETING PROCESS

The City prepares an annual budget in accordance with provisions of the Oregon Local Budget Law (ORS 294), which provides standard procedures for the preparation, presentation, administration and appraisal of budgets. The law mandates public involvement in budget preparation and public exposure of its proposed programs. The law also requires that the budget be balanced.

BONDS

The 2006 Water Revenue Bonds, in the amount of \$10,000,000, were issued June 6, 2006 (The Bonds) and were rated Aaa and AAA by Moody's Investors Services, Inc. (Moody's) and Standard and Poor's (S&P), respectively. The Bonds were issued to finance the costs of additions, replacements, expansions and/or improvements to the City's Water system, the City's share of the Joint Water Commission capital expansion projects and to pay the costs of issuance, bond insurance and a reserve credit facility.

The General Obligation Refunding Bonds, Series 2005, were issued on August 16, 2005 in the amount of \$13,575,000. The proceeds were used to advance refund the callable portion of the City's outstanding General Obligation Bonds, Series 1999. The Bonds were rated Aaa and AAA by Moody's and S&P, respectively .

CITY OF BEAVERTON, OREGON
ANNUAL DISCLOSURE INFORMATION, Continued
June 30, 2009
(Unaudited)

TABLE 1 - Water Revenue Bonds - Four-Year Water System Consumption (hundred cubic feet by customer class)

Customer Class	2005-06	2006-07	2007-08	2008-09
Single Family	1,424,755	1,505,470	1,404,728	1,408,801
Multi-residential / Apartments	963,426	999,665	960,496	923,807
Commercial	701,508	741,271	691,849	696,924
Public Facilities	41,766	44,430	36,072	38,391
Irrigation / Fire	288,534	333,024	259,076	288,554
Total consumption	<u>3,419,989</u>	<u>3,623,860</u>	<u>3,352,221</u>	<u>3,356,477</u>

TABLE 2 - Water Revenue Bonds - Ten Largest System Customers - Fiscal Year 2008-09

Customer	Consumption in CCF ¹	Percent of District Total
Sterling Pointe Apartments	59,676	1.78 %
Tualatin Hills Park & Recreation	42,909	1.28
Glenbrook Apartments	38,328	1.14
Parkside Business Center	35,305	1.05
LaSalle Apartments	33,550	1.00
City of Beaverton	31,247	0.93
Beaverton School District	29,038	0.86
Country Gables Apartments	26,013	0.78
Reflections at Summercreek	24,003	0.71
Center Development of Oregon	23,691	0.71
Subtotal	<u>343,760</u>	<u>10.24 %</u>
All Other Customers	<u>3,012,717</u>	<u>89.76</u>
Total	<u>3,356,477</u>	<u>100.00 %</u>

1. 1 CCF = 100 cubic feet = 748 gallons

WATER RATES AND CHARGES

The City reviews its water rates on a regular basis. Effective January 1, 2009, the usage (consumption) charge was increased 5.1%.

TABLE 3 - Water Revenue Bonds - System Rates and Charges

	2006	2007	2008	2009	Projected 2010
Consumption charge per ccf	\$1.87	\$1.92	\$1.97	\$2.07	\$2.22
Consumption rate increase (1)	2.7%	2.7%	2.6%	5.1%	7.2%
Base charge rate increase by meter size (2):	3.0%	3.0%		3.75%	
5/8 inch	\$7.49	\$7.71	\$7.71	\$8.00	\$8.00
1 inch	11.79	12.14	12.14	12.60	12.60
1 1/2 inch	18.97	19.54	19.54	20.27	20.27
2 inch	27.60	28.43	28.43	29.50	29.50
3 inch	47.71	49.14	49.14	50.98	50.98
4 inch	76.47	78.76	78.76	81.71	81.71
6 inch	148.31	152.76	152.76	158.49	158.49
8 inch	181.87	187.33	187.33	194.35	194.35

(1) Consumption rate increases are effective January 1 each fiscal year

(2) Base charge increases are effective July 1 each fiscal year

CITY OF BEAVERTON, OREGON
ANNUAL DISCLOSURE INFORMATION, Continued
June 30, 2009
(Unaudited)

TABLE 4 - Water Revenue Bonds - Water Fund Balance Sheets - As of June 30

	2005	2006	2007	2008	2009
Assets					
Current assets:					
Cash and investments	\$10,818,383	\$16,138,036	\$14,121,911	\$13,432,116	\$11,235,595
Accounts receivable, net	1,110,826	1,257,490	1,320,039	1,197,019	1,256,975
Other receivables	45,306	37,054	34,224	3,356	496
Accrued interest receivable	28,464	50,168	47,383	67,798	81,887
Due from other governments	167,517	181,975	53,750	242,049	148,074
Inventory of materials and supplies	58,097	86,925	154,633	172,862	201,817
Total current assets	12,228,593	17,751,648	15,731,940	15,115,200	12,924,844
Investment in joint ventures	19,256,485	25,455,388	26,265,028	26,264,021	26,315,445
Deferred Charge - bond issuance (1)	378,561	527,809	479,487	439,556	399,625
Capital assets, net (2)	56,741,015	56,737,513	58,596,649	61,691,843	63,511,881
TOTAL ASSETS	\$88,604,654	\$100,472,358	\$101,073,104	\$103,510,620	\$103,151,795
Liabilities and fund equity/net assets					
Current liabilities:					
Accounts payable	\$92,442	\$74,143	\$244,275	\$79,772	311,686
Accrued salaries and payroll taxes	173,683	152,873	143,551	158,146	157,155
Accrued interest payable	125,800	136,908	137,422	131,309	124,622
Other accrued liabilities	206,008	188,943	193,143	13,487	10,067
Due to other governments	585,581	849,462	249,687	509,799	313,381
Contract retainage payable	171,496	599,060	335,129	73,934	191,394
Contract payable	25,493	26,385	14,352	15,000	15,689
Bonds payable (1)	2,161,226	1,638,902	1,697,309	1,753,902	1,861,746
Total current liabilities	3,541,729	3,666,676	3,014,868	2,735,349	2,985,740
Long-term liabilities:					
Contract payable	701,727	687,742	686,037	671,037	655,348
Bonds payable (1)	16,346,776	24,702,103	23,004,793	21,249,299	19,387,552
Net other post employment benefits					41,174
Total long-term liabilities	17,048,503	25,389,845	23,690,830	21,920,336	20,084,074
Total liabilities	20,590,232	29,056,521	26,705,698	24,655,685	23,069,814
Net Assets					
Invested in capital assets, net of debt	50,476,207	48,767,117	50,962,308	53,523,765	55,462,793
Reserved for construction	4,658,583	9,084,471	7,389,009	6,841,765	4,971,437
Reserved for debt service	118,223	84,017	122,791	124,940	124,910
Unrestricted	12,761,409	13,480,232	15,893,298	18,364,465	19,522,841
Total Net Assets	68,014,422	71,415,837	74,367,406	78,854,935	80,081,981
TOTAL LIABILITIES AND NET ASSETS	\$88,604,654	\$100,472,358	\$101,073,104	\$103,510,620	\$103,151,795

(1) FY 2005-2007 were restated to show bond issuance costs as a deferred charge, rather than a reduction of bonds payable.

(2) FY 2005-2008 were restated to show intangible-water rights as part of Capital Assets, net.

CITY OF BEAVERTON, OREGON
ANNUAL DISCLOSURE INFORMATION, Continued
June 30, 2009
(Unaudited)

TABLE 5 - Water Revenue Bonds - Water Fund Statement of Revenues, Expenditures and Changes in Retained Earnings for the fiscal years ended June 30

	2005	2006	2007	2008	2009
Operating revenues (1):					
Charges for services	\$7,843,680	\$8,022,538	\$8,648,736	\$8,320,688	\$8,637,039
Installation fees	58,447	32,610	19,242	22,538	12,423
Lease income	208,287	154,426	125,429	120,884	107,725
Miscellaneous revenues	64,793	66,691	56,897	101,463	112,730
TOTAL OPERATING REVENUES	8,175,207	8,276,265	8,850,304	8,565,573	8,869,917
Operating expenses:					
Personal services	1,245,337	1,404,862	1,274,410	1,442,038	1,534,121
Water purchases	976,859	896,686	1,036,435	1,115,563	1,443,118
Administration charges from General Fund	315,862	305,498	294,617	348,813	348,813
Payment in lieu of taxes	386,141	402,051	435,408	414,655	431,132
Supplies, repairs, and services	1,337,209	1,311,697	1,419,485	1,546,740	1,550,655
Depreciation and amortization	1,240,780	1,380,351	1,412,985	1,444,547	1,548,839
TOTAL OPERATING EXPENSES	5,502,188	5,701,145	5,873,340	6,312,356	6,856,678
OPERATING INCOME	2,673,019	2,575,120	2,976,964	2,253,217	2,013,239
Nonoperating revenues (expenses):					
Intergovernmental revenue (2)				81,889	
Gain on sale of property	7,514			4,716	
Interest earnings	280,444	444,988	762,200	648,987	320,897
Systems development charges revenue	1,821,858	1,061,664	601,116	721,662	202,896
Interest expense	(946,008)	(846,865)	(1,139,045)	(1,077,844)	(1,022,183)
Net loss from joint ventures	(543,261)	(515,624)	(653,351)	(682,867)	(697,516)
TOTAL NONOPERATING REVENUES (EXPENSES)	620,547	144,163	(429,080)	(303,457)	(1,195,906)
NET INCOME BEFORE CONTRIBUTIONS	3,293,566	2,719,283	2,547,884	1,949,760	817,333
Capital Contributions	1,615,987	682,132	403,685	2,537,769	409,713
CHANGE IN NET ASSETS	4,909,553	3,401,415	2,951,569	4,487,529	1,227,046
NET ASSETS					
Beginning of year	63,104,869	68,014,422	71,415,837	74,367,406	78,854,935
NET ASSETS - End of year	\$68,014,422	\$71,415,837	\$74,367,406	\$78,854,935	\$80,081,981

(1) This statement was prepared on the GAAP basis which does not allow inclusion of system development charges as operating revenues

(2) FY 2005-2008 was restated to show JWC Lease income as a separate operating revenue, rather than as non-operating Intergovernmental revenue.

CITY OF BEAVERTON, OREGON
ANNUAL DISCLOSURE INFORMATION, Continued
June 30, 2009
(Unaudited)

TABLE 6 - Water Revenue Bonds - Historical Operating Results and Debt Service Coverage

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues:					
Charges for services	\$7,848,773	\$8,019,397	\$8,649,980	\$8,324,385	\$8,632,876
Installation fees	58,447	32,610	19,243	22,538	12,423
Interest on investments	144,178	268,693	348,957	324,328	172,021
Intergovernmental	208,287	154,425	125,429	120,884	107,725
Miscellaneous	316,243	66,691	55,768	76,179	112,730
TOTAL REVENUES	8,575,928	8,541,816	9,199,377	8,868,314	9,037,775
Operating and maintenance expenses:					
Personal services	1,297,876	1,410,898	1,285,160	1,443,681	1,493,849
Water purchases	976,859	896,686	1,036,435	1,115,563	1,443,118
Materials and services	1,228,316	1,322,578	1,417,139	1,383,388	1,461,011
Operating transfers out	675,339	722,346	798,629	943,599	896,045
TOTAL OPERATING AND MAINTENANCE EXPENSES	4,178,390	4,352,508	4,537,363	4,886,231	5,294,023
NET REVENUES	4,397,538	4,189,308	4,662,014	3,982,083	3,743,752
Debt service:					
Senior lien debt - 1992 bonds					
1994 Revenue bonds					
1997 Revenue bonds	474,750	474,250	477,750		
2004 Revenue bonds	1,459,877	1,505,978	547,578	550,078	548,490
2004 (B) Revenue bonds	1,006,775	964,712	972,213	1,446,086	1,447,037
2006 Revenue bonds			728,522	735,936	737,135
TOTAL DEBT SERVICE	2,941,402	2,944,940	2,726,063	2,732,100	2,732,662
DEBT SERVICE COVERAGE	1.50	1.42	1.71	1.46	1.37
REMAINING NET REVENUES	1,456,136	1,244,368	1,935,951	1,249,983	1,011,090
Capital outlay and other expenses:					
Capital outlay	47,845	25,371	224,384	385,128	328,908
Maintenance and replacement	258,086	576,407	1,340,779	553,319	1,053,059
Transfer to Water Construction Fund	500,000	9,797,573	6,990		64,105
Bureau of Reclamation debt	65,110	65,110	65,110	65,110	65,110
Other expenditures	500	198,587	1,450	1,450	2,500
TOTAL CAPITAL OUTLAY AND OTHER EXPENSES	871,541	10,663,048	1,638,713	1,005,007	1,513,682
NET REVENUES AFTER CAPITAL OUTLAY AND OTHER EXPENSES	584,595	(9,418,680)	297,238	244,976	(502,592)
Beginning balance	4,896,514	5,481,109	6,062,429	6,359,667	6,604,643
Bond sale proceeds		10,000,000			
ENDING BALANCE - BUDGETARY BASIS	\$5,481,109	\$6,062,429	\$6,359,667	\$6,604,643	\$6,102,051
Contingency and reserve:					
Operating contingency	\$4,262,886	\$4,878,412	\$5,136,876	\$5,379,703	\$4,877,141
Contingency - rate stabilization	600,000	600,000	600,000	600,000	600,000
Operating reserve - Joint Water Commission	500,000	500,000	500,000	500,000	500,000
Operating reserve - maintenance					
Debt service contingency	118,223	84,017	122,791	124,940	124,910
TOTAL CONTINGENCY AND RESERVE	\$5,481,109	\$6,062,429	\$6,359,667	\$6,604,643	\$6,102,051

Note: Information obtained from Water Operating and Water Debt Service budgetary schedules.

CITY OF BEAVERTON, OREGON
ANNUAL DISCLOSURE INFORMATION, Continued
June 30, 2009
(Unaudited)

TABLE 7 - Water Revenue Bonds - Projected Operating Results

	FY 2010	FY 2011	FY 2012	FY 2013
Revenues:				
Charges for services	\$8,956,750	\$9,225,453	\$9,409,962	\$9,560,521
Installation fees	10,000	15,000	15,000	15,000
Other intergovernmental	120,000	60,000	60,000	60,000
Interest on investments	62,550	49,054	72,959	83,972
Miscellaneous	48,500	55,000	55,000	55,000
Total Revenues	9,197,800	9,404,507	9,612,921	9,774,493
Operating and maintenance expenses:				
Personal services	1,360,115	1,414,520	1,471,100	1,529,944
Water purchases	1,344,827	1,449,731	1,507,721	1,568,029
Materials and services	1,823,870	1,708,138	1,776,464	1,847,522
Operating transfers out	946,887	958,325	996,658	1,036,524
Total Operating and Maintenance Expenses	5,475,699	5,530,714	5,751,942	5,982,020
Net revenues available for debt service coverage	3,722,101	3,873,793	3,860,978	3,792,473
Debt Service:				
2004 Revenue Bonds	550,221	1,276,446	1,279,646	1,279,059
2004(B) Revenue Bonds	1,451,938	776,438	780,613	778,913
2006 Revenue Bonds	732,735	732,935	732,535	731,535
Total Debt Service	2,734,894	2,785,819	2,792,794	2,789,507
Debt Service Coverage	1.36	1.39	1.38	1.36
Remaining net revenues	987,207	1,087,974	1,068,184	1,002,966
Capital outlay and other expenses:				
Capital outlay	673,920	450,000	450,000	450,000
Maintenance and replacement	1,340,000	320,000	336,000	352,800
Transfer to Water Construction Fund	134,800	268,518	269,861	271,210
Bureau of Reclamation debt	65,110	65,110	65,110	65,110
Other expenditures	25,000	7,500	7,500	7,500
Total Capital Outlay and Other Expenses	2,238,830	1,111,128	1,128,471	1,146,620
Net revenues after capital outlay and miscellaneous expenses	(1,251,623)	(23,154)	(60,286)	(143,654)
Beginning balance	6,102,051	4,850,428	4,827,274	4,766,987
Ending balance - budgetary basis	\$4,850,428	\$4,827,274	\$4,766,987	\$4,623,334
Contingency and reserve:				
Operating Contingency	\$3,537,248	\$3,517,274	\$3,456,987	\$3,313,334
Contingency - rate stabilization	600,000	600,000	600,000	600,000
Operating reserve -				
Joint Water Commission	500,000	500,000	500,000	500,000
Operating reserve - Equipment replacement	100,000	110,000	110,000	110,000
Debt service contingency	113,180	100,000	100,000	100,000
Total Contingency and Reserve	\$4,850,428	\$4,827,274	\$4,766,987	\$4,623,334

Note: FY 10 represents the adopted budget and beginning working capital adjustment for the Water Operating and Water Debt Service Funds.

CITY OF BEAVERTON, OREGON
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June 30, 2009
(Unaudited)

TABLE 8 - Water Revenue Bonds

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Revenue Bonds:				
2004 Water Revenue Bonds	01/01/04	04/01/16	\$10,375,000	\$ 6,535,000
2004 (B) Water Revenue Bonds	10/01/04	06/01/17	10,280,000	5,940,000
2006 Water Revenue Bonds	06/06/06	06/01/26	10,000,000	8,965,000
Total System Obligations			<u>\$30,655,000</u>	<u>\$21,440,000</u>

TABLE 9 - Water Revenue Bonds - Capital Improvement Plan (CIP)

<u>Project name and number</u>	<u>Adopted FY 2010</u>	<u>Projected FY 2011</u>
Water Extra-Capacity - project 3620	\$3,035,000 (1)	\$768,000
JWC Capacity Projects - project 3635		60,000
Scoggins Dam Raise project - project 3636	839,623	800,000
2nd Fernhill Reservoir - project 3638	40,000	
Total	<u>\$3,914,623</u>	<u>\$1,628,000</u>

(1) In FY 2010, the City is expected to receive \$185,000 in State grant revenue for energy efficiency upgrade project.

CITY OF BEAVERTON, OREGON
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June 30, 2009
(Unaudited)

**TABLE 10 - General Obligation Bonds - Summary of 2008-09 and 2009-10 Adopted Budgets - All
Funds and Fund Types**

	FY 2008-09	FY 2009-10
	<u>Adopted</u>	<u>Adopted</u>
Revenues:		
Property taxes	\$28,863,345	\$29,494,130
Intergovernmental	15,917,033	16,549,414
Business licenses & permits	579,500	553,500
Building permits & fees	2,708,300	2,373,600
Zoning & annexation fees	300,000	200,000
System development charges	2,180,000	992,000
Franchise fees	6,362,806	6,431,332
Fines & forfeitures	4,126,000	3,708,000
Interest on investments	1,218,015	536,250
Special assessments	7,500	103,300
Charges for services	17,171,534	17,398,255
Self-insurance charges	7,673,524	8,200,447
Project engineering charges	931,000	682,500
Miscellaneous	1,959,541	1,799,056
Total Revenues	<u>89,998,098</u>	<u>89,021,784</u>
Expenditures:		
Personal services	47,756,355	47,955,084
Materials & services	28,501,226	30,684,701
Capital outlay	20,622,469	17,475,432
Total Expenditures	<u>96,880,050</u>	<u>96,115,217</u>
Other financing sources (uses):		
Transfers in	15,030,194	15,463,779
Transfers out	(15,030,194)	(15,463,779)
Debt Service	(5,121,972)	(5,170,496)
Total other financing sources (uses)	<u>(5,121,972)</u>	<u>(5,170,496)</u>
Net change in fund balance	(12,003,924)	(12,263,929)
Fund balance/working capital beginning of year	<u>54,483,647</u>	<u>59,008,864</u>
Fund balance (contingency)/working capital end of year	<u><u>\$42,479,723</u></u>	<u><u>\$46,744,935</u></u>

Note: Information was derived from the City's adopted budget. See Summary of Revenues and Expenditures and Other Financing Sources and Uses All Funds and Fund Types - Annual Budget Document.

CITY OF BEAVERTON, OREGON
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June 30, 2009
(Unaudited)

TABLE 11 - General Obligation Bonds - Consecutive Balance Sheets - General Fund as of June 30

	2005	2006	2007	2008	2009
Assets and other debits:					
Cash and investments	\$12,069,238	\$12,039,527	\$17,828,853	\$20,465,841	\$21,741,136
Property taxes receivable	559,215	555,846	658,903	815,240	1,077,828
Accounts and other receivables, net	713,374	1,028,507	1,113,250	1,858,650	2,569,695
Interfund receivable	30,906	24,494	16,341	10,157	4,674
Due from other governments	59,306	3,224	471,356	313,063	229,856
Grants receivable	228,020	151,134	180,789	89,537	89,195
Other assets				2,000	
TOTAL ASSETS AND OTHER DEBITS	\$13,660,059	\$13,802,732	\$20,269,492	\$23,554,488	\$25,712,384
Liabilities and fund balances:					
Accounts payable	\$882,398	\$961,268	\$963,946	\$986,734	\$1,408,621
Accrued salaries and payroll taxes	2,367,483	1,748,453	1,958,693	802,996	906,111
Other accrued liabilities and deposits	1,176,853	1,105,452	1,599,108	995,812	963,085
Deferred revenues:					
Property taxes	440,265	450,877	546,551	687,504	935,234
Interest	35,140	48,299	219,981	102,204	123,674
Grants	3,269	3,400	27,100	6,473	2,498
TOTAL LIABILITIES	4,905,408	4,317,749	5,315,379	3,581,723	4,339,223
Fund Balances:					
Reserved for encumbrances					
Reserved for others	30,906	24,494	16,341	10,157	4,674
Unreserved	8,723,745	9,460,489	14,937,772	19,962,608	21,368,487
TOTAL FUND BALANCES	8,754,651	9,484,983	14,954,113	19,972,765	21,373,161
TOTAL LIABILITIES AND FUND BALANCES	\$13,660,059	\$13,802,732	\$20,269,492	\$23,554,488	\$25,712,384

CITY OF BEAVERTON, OREGON
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(Unaudited)

TABLE 12 - General Obligation Bonds- Statement of Revenues, Expenditures and Changes in Fund Balance -
General Fund as of June 30

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues:					
Taxes	\$17,896,807	\$19,830,431	\$22,467,739	\$23,429,761	\$24,305,462
Intergovernmental	1,603,201	3,734,982	1,874,169	1,749,739	1,773,345
Federal grants	477,217	971,260	446,604	703,981	300,151
Fees, licenses and permits	1,476,609	1,792,140	2,361,628	1,733,109	1,261,637
Franchise fees	4,965,987	5,390,611	5,846,028	6,265,512	5,646,614
Fines and forfeits	3,591,854	4,118,368	4,448,540	4,104,640	3,847,350
Interest on investments and assessments	260,127	396,646	620,939	993,309	463,483
Charges for services	552,606	1,884,225	2,111,634	1,877,323	1,827,030
Miscellaneous and cash-in-lieu	525,803	966,995	254,246	562,051	640,220
TOTAL REVENUES	<u>31,350,211</u>	<u>39,085,658</u>	<u>40,431,527</u>	<u>41,419,425</u>	<u>40,065,292</u>
Expenditures:					
General government	15,593,853	20,466,935	17,128,855	16,602,233	16,295,446
Public safety	16,489,643	18,484,290	19,097,851	20,228,973	21,457,716
Debt service		383,175	442,949	508,508	524,790
TOTAL EXPENDITURES	<u>32,083,496</u>	<u>39,334,400</u>	<u>36,669,655</u>	<u>37,339,714</u>	<u>38,277,952</u>
EXCESS OF REVENUES OVER (UNDER)					
EXPENDITURES	<u>(733,285)</u>	<u>(248,742)</u>	<u>3,761,872</u>	<u>4,079,711</u>	<u>1,787,340</u>
Other financing sources (uses):					
Operating transfers in	733,250	214,233	215,958	112,771	154,451
Operating transfers out	(15,808)	(89,338)	(84,500)	(497,414)	(541,935)
Long-term loan issued			1,000,000		
Sale of capital assets	340,562	854,179	575,800	1,461	540
TOTAL OTHER FINANCING USES	<u>1,058,004</u>	<u>979,074</u>	<u>1,707,258</u>	<u>(383,182)</u>	<u>(386,944)</u>
NET CHANGE IN FUND BALANCES	<u>324,719</u>	<u>730,332</u>	<u>5,469,130</u>	<u>3,696,529</u>	<u>1,400,396</u>
FUND BALANCES, Beginning of year	<u>8,429,932</u>	<u>8,754,651</u>	<u>9,484,983</u>	<u>14,954,113</u>	<u>19,972,765</u>
Restatement - compensated absences				1,322,123	
FUND BALANCES, End of year	<u><u>\$8,754,651</u></u>	<u><u>\$9,484,983</u></u>	<u><u>\$14,954,113</u></u>	<u><u>\$19,972,765</u></u>	<u><u>\$21,373,161</u></u>

CITY OF BEAVERTON, OREGON
ANNUAL DISCLOSURE INFORMATION, Continued
June 30, 2009
(Unaudited)

TABLE 13 - General Obligation Bonds- Consecutive Balance Sheets - General Obligation Debt Service Fund
as of June 30

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Assets:					
Cash and investments	\$103,924	\$129,583	\$129,755	\$131,325	\$166,586
Property taxes receivable	70,669	53,802	54,004	61,071	78,415
Accrued interest receivable	3,066	3,762	11,791	3,906	4,293
TOTAL ASSETS	<u><u>\$177,659</u></u>	<u><u>\$187,147</u></u>	<u><u>\$195,550</u></u>	<u><u>\$196,302</u></u>	<u><u>\$249,294</u></u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$500	\$500	\$500	\$500	
Deferred revenues, property taxes	55,961	44,367	44,786	51,497	68,118
Deferred revenue, interest	3,066	3,762	11,791	3,906	4,293
Total liabilities	<u>59,527</u>	<u>48,629</u>	<u>57,077</u>	<u>55,903</u>	<u>72,411</u>
Fund balances:					
Unreserved, undesignated	<u>118,132</u>	<u>138,518</u>	<u>138,473</u>	<u>140,399</u>	<u>176,883</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$177,659</u></u>	<u><u>\$187,147</u></u>	<u><u>\$195,550</u></u>	<u><u>\$196,302</u></u>	<u><u>\$249,294</u></u>

CITY OF BEAVERTON, OREGON
ANNUAL DISCLOSURE INFORMATION, Continued
June 30, 2009
(Unaudited)

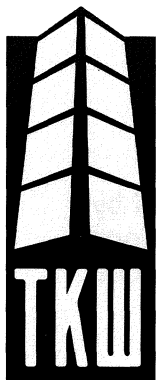
TABLE 14 - General Obligation Bonds - Statement of Revenues, Expenditures and Changes in Fund Balance
Debt Service Fund as of June 30

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues:					
Taxes	\$2,305,420	\$1,654,617	\$1,685,522	\$1,679,355	\$1,739,303
Interest on investments and assessments	23,765	32,910	33,721	43,124	16,457
Miscellaneous	2,935	41,404	6,485	6,530	5,506
TOTAL REVENUES	<u>2,332,120</u>	<u>1,728,931</u>	<u>1,725,728</u>	<u>1,729,009</u>	<u>1,761,266</u>
Expenditures:					
Debt service:					
Bond principal retirement	1,490,000	1,095,000	1,020,000	1,065,000	1,110,000
Interest and fees	898,575	628,552	705,773	662,083	614,782
TOTAL EXPENDITURES	<u>2,388,575</u>	<u>1,723,552</u>	<u>1,725,773</u>	<u>1,727,083</u>	<u>1,724,782</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(56,455)</u>	<u>5,379</u>	<u>(45)</u>	<u>1,926</u>	<u>36,484</u>
Other financing sources (uses):					
Transfer from Capital Development Fund					
Refunding long-term debt issued		13,575,000			
Premium on refunding debt issued		581,323			
Payment to refunded bond escrow agent		(13,994,424)			
Debt issuance costs and underwriter's discount		(146,892)			
TOTAL OTHER FINANCING SOURCES (USES)		<u>15,007</u>			
NET CHANGE IN FUND BALANCES	<u>(56,455)</u>	<u>20,386</u>	<u>(45)</u>	<u>1,926</u>	<u>36,484</u>
FUND BALANCES, Beginning of year	<u>174,587</u>	<u>118,132</u>	<u>138,518</u>	<u>138,473</u>	<u>140,399</u>
FUND BALANCES, June 30	<u><u>\$118,132</u></u>	<u><u>\$138,518</u></u>	<u><u>\$138,473</u></u>	<u><u>\$140,399</u></u>	<u><u>\$176,883</u></u>

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS**

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, and comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth in the following pages.

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AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

December 7, 2009

Honorable Mayor and City Council
City of Beaverton
Beaverton, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beaverton, Oregon (the City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 7, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and *Minimum Standards for Audits of Oregon Municipal Corporations*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

We considered the City's internal control over financial reporting as necessary to plan and perform our audit of the basic financial statements. We have issued under separate cover our report on internal control over financial reporting and on compliance and other matters dated December 7, 2009.

ADEQUACY OF ACCOUNTING RECORDS

The City's accounting records were reasonably maintained and adequate to support our audit of the basic financial statements.

ADEQUACY OF COLLATERAL SECURING DEPOSITORY BALANCES

The City has complied with Oregon Revised Statutes Chapter (ORS) 295 in relation to deposit accounts.

INVESTMENTS

Our review of deposit and investment balances indicated that, during the year ended June 30, 2009, the City was in compliance with ORS 294 as it pertains to investment of public funds.

AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS (Continued)

Page 2

LEGAL REQUIREMENTS RELATING TO DEBT

The general obligation bonded debt of the City is in compliance with the limitation imposed by state statute. We noted no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of the City's bonded debt, and no breach of the bond agreements, at June 30, 2009.

BUDGET COMPLIANCE

The City appears to have complied with Local Budget Law (ORS 294.305 to 294.520) in the preparation, adoption and execution of its budget and tax levy for the year ended June 30, 2009, and the preparation and adoption of its budget for the year ending June 30, 2010.

A description of the budgeting process is included in the Notes to Basic Financial Statements.

INSURANCE POLICIES AND FIDELITY BONDS

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2009. We ascertained that such policies appeared to be in force and in compliance with legal requirements relating to insurance and fidelity bond coverage. We are not competent by training to comment on the adequacy of the insurance policies covering City property at June 30, 2009.

PUBLIC CONTRACTS

We reviewed and tested the City's procedures for the construction of public improvement and the awarding of public contracts. The City appears to be in compliance with the cost accounting guidelines developed by the State of Oregon Department of Administrative services with regard to the City's construction projects and appears to be in compliance with ORS Chapters 279, 279A, 279B and 279C (the Public Contracting Code) in the awarding of public contracts and the construction of public improvements.

PROGRAMS FUNDED FROM OUTSIDE SOURCES

We have reviewed the City's compliance with appropriate laws, rules and regulations that could have a material impact on the financial statements for programs funded wholly or partially by other governmental agencies. The City is in compliance with the guidelines in all material respects.

In a separate report dated December 7, 2009, we have reported on the Schedule of Expenditures of Federal Awards. We have also reported on internal control over financial reporting and on compliance and other matters based on an audit of the basic financial statements performed in accordance with *Government Auditing Standards*, and on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133.

AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS (Continued)

Page 3

FINANCIAL REPORTING REQUIREMENTS

We have reviewed financial reports and other data relating to programs funded wholly or partially by other governmental agencies. This data, filed with other governmental agencies, is in agreement with and supported by the accounting records.

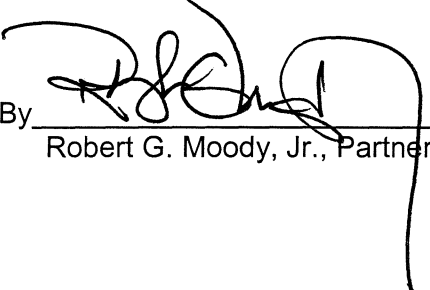
HIGHWAY FUNDS

The City's procedures for utilizing gas tax funds were reviewed and found to be in accordance with ORS Chapter 294.

* * * * *

This report is intended solely for the information and use of the City Council, management, the Oregon Secretary of State Audits Division, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants

By  _____
Robert G. Moody, Jr., Partner